

Employees' Retirement System of the County of Milwaukee

First Quarter 2006

MERCER

Investment Consulting



Marsh & McLennan Companies

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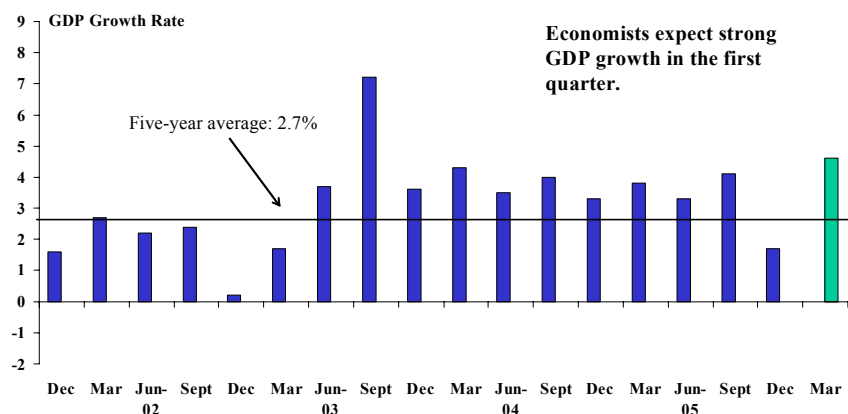
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Market Environment

First Quarter 2006 Market Environment

Economic Profile

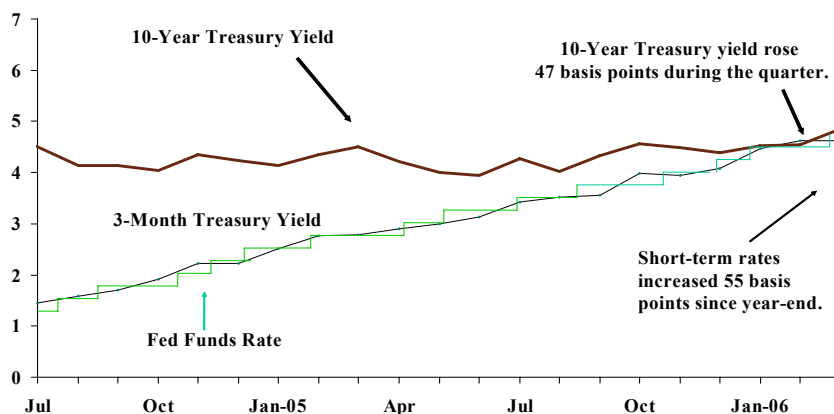
GDP Growth Rate



- The economy expanded at a brisk pace in the first quarter due to increased industrial production and strong household consumption. Analysts estimate that the economy grew at a 4.8% annual rate, the fastest pace in over two years.
- Employment growth was solid during the quarter, due primarily to strong job gains in the service sector. The unemployment rate fell to a 5-year low of 4.7% in March.
- Consumer confidence jumped to nearly a 4-year high in March largely due to improved job market conditions. Consumer spending was strong as retail sales increased at an estimated 5% annual rate.
- The housing market showed signs of cooling as mortgage applications declined sharply and new home construction slowed. The average 30-year fixed-rate mortgage hit a low for the quarter of 6.10% in January, but rose to 6.35% at the end of March.

Interest Rates and Inflation

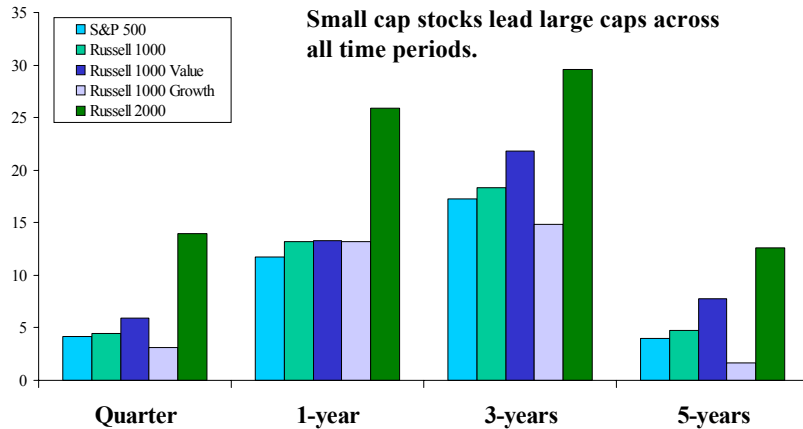
Treasury Yields



- The Fed raised the target federal funds rate to 4.75% in March and hinted of further tightening in the coming months. This was the fifteenth consecutive rate hike since mid-2004 and the second 25 basis point increase for the quarter.
- The yield curve moved higher as yields rose across the maturity range. During the quarter, the yield on 2-year Treasuries increased 41 basis points to 4.82%, while the yield on 10-year Treasuries increased 47 basis points to 4.86%.
- In February, the government issued 30-year Treasury bonds for the first time since 2001. The 30-year Treasury yield at quarter-end was 4.9%, up 36 basis points from year-end.
- After dropping in the fourth quarter, inflation picked up again during the first quarter. On a year-over-year basis, the CPI increased at a 3.4% annual rate, matching last year's gain. Core CPI posted a year-over-year increase of 2.1%.

Domestic Equity Market Performance

Market Index Performance



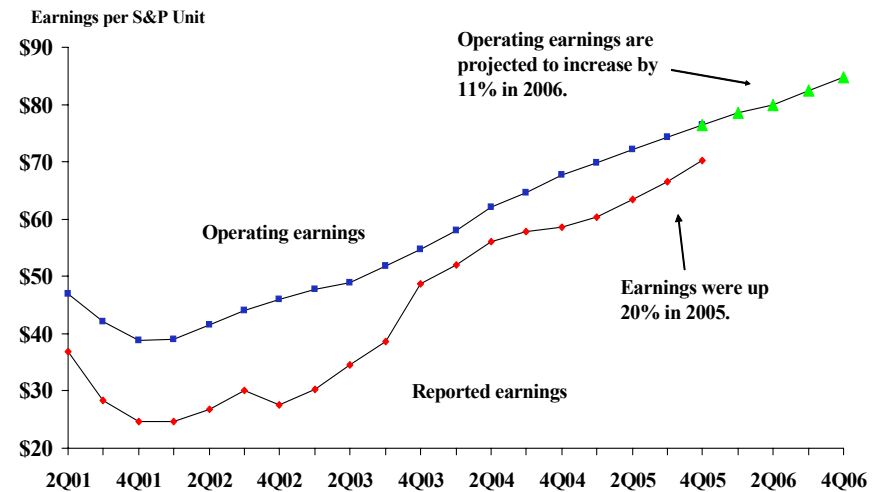
- Strong corporate earnings, relatively low inflation, and improving consumer confidence helped push U.S. equities higher in the first quarter. The S&P 500 Index advanced 4.2%, while the Russell 1000 Index gained 4.5%.
- Small cap stocks, as measured by the Russell 2000 Index, were up 13.9% during the quarter, outperforming large caps by the widest margin since the fourth quarter of 2001. The Russell Midcap Index gained 7.6%.
- Large cap value stocks outperformed large cap growth stocks during the quarter, while growth led value in the small cap space. There was no discernible style advantage in the mid-capitalization range.
- With the exception of consumer staples and health care, all sector groups reported solid gains for the quarter. Producer durables and autos & transportation were the top-performing sectors, gaining 10.2% and 9.5% respectively.

Russell 1000 Sector Weights and Returns

Sector	Weight	1Q06 Return	Trlg Yr Return
Technology	13.3	5.7	16.4
Health Care	12.7	1.2	9.9
Consumer Discretionary & Services	13.4	3.1	6.3
Consumer Staples	6.8	0.9	6.7
Integrated Oils	5.3	8.5	8.9
Other Energy	3.5	4.9	41.8
Materials & Processing	3.9	9.0	12.0
Producer Durables	4.7	10.2	22.5
Autos & Transportation	2.4	9.5	14.9
Financial Services	22.8	4.4	19.0
Utilities	7.0	5.8	10.9
Other	4.1	1.9	1.5

Source: Returns and security data for the Russell indices are provided by Russell/Mellon Analytical Services.
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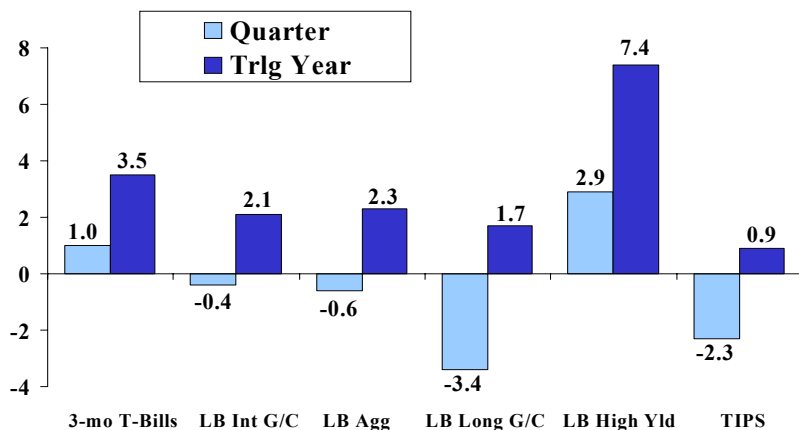
S&P 500 Trailing 4-Quarter Earnings per Unit



Source: Standard & Poor's

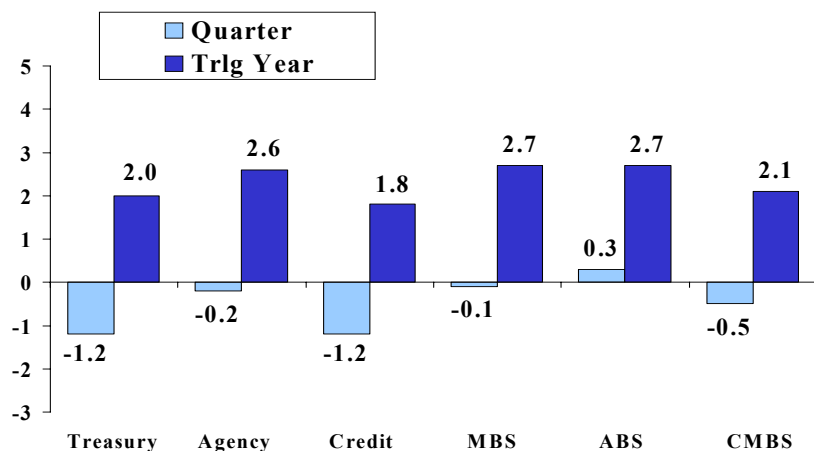
Fixed Income Market Performance

Performance by Maturity and Sector

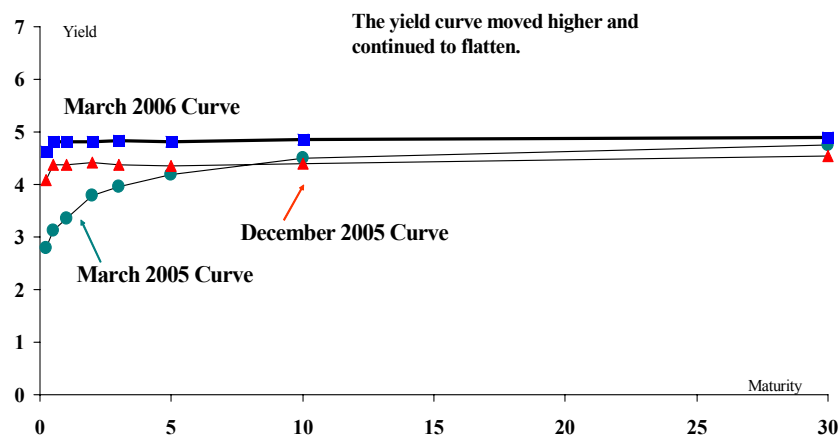


- Higher yields and fears of further Fed tightening pushed the investment-grade bond market into negative territory during the first quarter. The Lehman Brothers Aggregate Bond Index fell 0.6%, while the Government/Credit Index declined 1.0%.
- The Lehman Brothers Treasury Index was down 1.2% for the quarter. Long-term Treasuries, down 3.6%, trailed intermediate-term Treasuries, which fell 0.5%.
- The credit sector posted weak results as the Lehman Brothers Credit Index declined 1.2% for the quarter. In general, long-term bonds underperformed intermediate-term maturity issues. By quality, A-rated securities suffered the greatest losses, while AAA-rated issues fared best during the quarter.
- Mortgaged-backed securities fared relatively better as the Lehman Brothers MBS Index gave up a mere 0.1% during the quarter. Asset-backed securities, up 0.3%, was the only spread sector to post positive results for the quarter.

Performance by Issuer

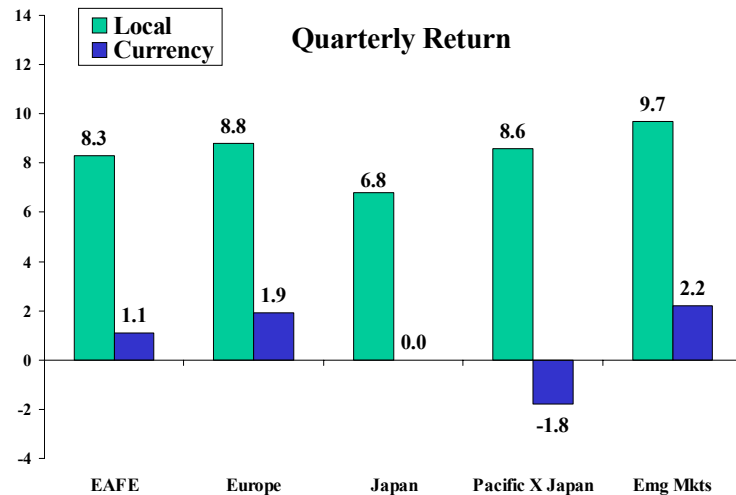


Treasury Yield Curves



International Equity Market Performance

Regional Performance for the First Quarter



- International equity markets continued to outperform U.S. markets during the quarter as the MSCI EAFE Index gained 9.5%. The U.S. dollar depreciated 2.2% versus the euro, but was relatively flat versus the yen. In local currency terms, the Index returned 8.3% for the quarter.
- The Pacific region was up 6.8% during the quarter as all countries except New Zealand saw healthy gains. The Pacific ex-Japan region returned 6.7% for the period.
- The European region, up 10.8%, posted strong results for the quarter, helped by a strengthening euro and increased merger and acquisition activity. The Nordic countries were the region's strongest performers, gaining 16.7%.
- Emerging markets led the developed markets for the seventh consecutive quarter as the MSCI EM Index returned 12.1% in dollar terms. Emerging Europe surged 17.3%, while Latin America and Emerging Asia gained 15.7% and 9.7% respectively.

Other Asset Classes

High Yield Bonds

- High-yield bonds led investment-grade credits by a wide margin during the quarter as the Lehman Brothers High Yield Bond Index gained 2.9%. Overall, yields fell 12 basis points during the quarter, and spreads tightened to an average 324 basis points.
- In general, long-term bonds outperformed intermediate-term issues, and lower-quality issues outperformed higher-rated securities. The top-performers were Ca-D rated issues.

Real Estate

- The equity real estate market showed renewed strength during the quarter as the NAREIT Index soared 14.7%.
- The latest data available for the private real estate market showed a fourth-quarter gain of 5.4% for the NCREIF Property Index.

Inflation Indexed Bonds

- The Treasury Inflation Protection Securities Index was down 2.3%, its worst quarterly return on record.

International Bonds

- The Citigroup Non-U.S. Government Bond Index edged down 0.2% in U.S. dollar terms during the quarter. In local currency terms, the Index declined 1.6%.
- Japanese government bonds fell 1.3% as the Bank of Japan signaled an end to its quantitative easing policy, which drove yields higher. The European region registered a 0.5% total return.
- Momentum in the emerging bond markets stalled in March amid increased concerns over political uncertainty and tighter global monetary conditions. For the quarter, the Lehman Brothers Emerging Markets Index advanced 1.6%.

Market Returns (%) for Periods Ending March 31, 2006

		1st Qtr	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	4.2	4.2	11.7	17.2	4.0	9.0
	Russell 1000 Value	5.9	5.9	13.3	21.8	7.8	11.0
	Russell 1000 Growth	3.1	3.1	13.1	14.8	1.7	6.5
	Russell MidCap	7.6	7.6	21.5	27.9	12.5	12.7
	Russell MidCap Value	7.6	7.6	20.3	29.2	14.7	13.9
	Russell MidCap Growth	7.6	7.6	22.7	25.7	9.0	9.4
	Russell 2000	13.9	13.9	25.8	29.5	12.6	10.1
	Russell 2000 Value	13.5	13.5	23.8	30.7	16.2	14.0
	Russell 2000 Growth	14.4	14.4	27.8	28.1	8.6	5.5
	Russell 3000	5.3	5.3	14.3	19.1	5.3	9.2
	<i>Mercer Large Cap Value Equity Peer Group median</i>	5.3	5.3	13.8	21.9	8.4	11.6
	<i>Mercer Large Cap Growth Equity Peer Group median</i>	3.7	3.7	15.6	16.7	3.3	9.6
	<i>Mercer Small Cap Value Equity Peer Group median</i>	11.7	11.7	23.3	31.4	18.1	16.3
	<i>Mercer Small Cap Growth Equity Peer Group median</i>	13.6	13.6	28.3	28.0	11.5	11.0
Fixed Income	Citigroup Brothers 3-Month T-Bill	1.0	1.0	3.5	2.0	2.1	3.7
	Lehman Brothers Int. Gov't/Credit	-0.4	-0.4	2.1	2.3	4.7	5.8
	Lehman Brothers Gov't/Credit	-1.0	-1.0	2.0	2.8	5.2	6.3
	Lehman Brothers Aggregate	-0.6	-0.6	2.3	2.9	5.1	6.3
	Lehman Brothers Intermediate Government	-0.3	-0.3	2.1	1.7	4.1	5.5
	Lehman Brothers Long Gov't/Credit	-3.4	-3.4	1.7	4.6	7.0	7.7
	Lehman Brothers Mortgages	-0.1	-0.1	2.7	3.1	4.9	6.2
	Lehman Brothers TIPS	-2.3	-2.3	0.9	4.8	7.2	
	Lehman Brothers High Yield	2.9	2.9	7.4	12.1	8.1	6.7
	<i>Mercer Core Fixed Income Peer Group median</i>	-0.4	-0.4	2.7	3.5	5.5	6.6
International	MSCI EAFE	9.5	9.5	24.9	31.7	10.0	6.8
	MSCI Emerging Markets	12.1	12.1	48.0	46.7	23.6	7.6
	Citigroup Non-US Gov't Bond	-0.2	-0.2	-6.5	5.1	8.3	4.6
	Citigroup Non-US Gov't Bond - Hedged	-0.9	-0.9	3.4	3.5	4.4	7.0
	<i>Mercer International Equity Universe median</i>	10.1	10.1	27.8	32.1	11.3	9.2
Miscellaneous	NCREIF Property Index**	5.4	5.4	20.1	14.4	11.4	12.1
	NAREIT	14.7	14.7	38.5	32.1	22.3	15.8
	Merrill Lynch Inv. Grade Convertible	2.7	2.7	7.3	6.5	3.7	6.6
Inflation	CPI	1.1	1.1	3.4	2.8	2.6	2.5
Index at 12/31/05		Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000	
		10717.50	2,205.32	1,248.29	673.22	12517.70	
Index at 3/31/06		Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000	
		11109.32	2,339.79	1,294.87	765.14	13155.40	

* Annualized

** The NCREIF Property returns are one quarter in arrears.

Domestic Equity – Largest Positive & Negative Contributors to S&P

Domestic Equity - Largest Positive & Negative Contributors to S&P 500 For Periods Ending March 31, 2006

S&P 500 Quarterly Return = 4.21%

25 Largest Positive Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
EXXON MOBIL CORP	8.93%	3.22%	1
CISCO SYSTEMS INC	26.58%	1.15%	12
SCHLUMBERGER LTD	30.57%	0.65%	33
BELLSOUTH CORP	29.15%	0.54%	43
PFIZER INC	7.84%	1.59%	7
GOLDMAN SACHS GROUP INC	23.12%	0.59%	36
VERIZON COMMUNICATIONS	14.53%	0.86%	19
QUALCOMM INC	17.70%	0.73%	28
HEWLETT-PACKARD CO	15.19%	0.81%	21
AT&T INC	11.83%	0.91%	18
CORNING INC	36.88%	0.36%	66
MERRILL LYNCH & CO INC	16.66%	0.63%	34
MICROSOFT CORP	4.40%	2.09%	3
CATERPILLAR INC	24.76%	0.42%	59
MERCK & CO INC	11.95%	0.67%	29
JPMORGAN CHASE & CO	5.81%	1.26%	11
BROADCOM CORP	37.31%	0.16%	146
SPRINT NEXTEL CORP	10.72%	0.66%	30
CONOCOPHILLIPS	9.18%	0.75%	24
MORGAN STANLEY	11.20%	0.58%	37
BOEING CO	11.41%	0.54%	42
NUCOR CORP	58.11%	0.14%	171
WACHOVIA CORP	7.00%	0.79%	22
ARCHER DANIELS MIDLAND	36.89%	0.19%	127
GENERAL DYNAMICS CORP	12.97%	0.22%	108

25 Largest Negative Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
INTEL CORP	-21.70%	1.01%	16
YAHOO INC	-17.66%	0.36%	67
UNITEDHEALTH GROUP INC	-10.06%	0.67%	31
MEDTRONIC INC	-11.70%	0.54%	44
APPLE COMPUTER INC	-12.76%	0.47%	52
AMGEN INC	-7.75%	0.75%	27
ALTRIA GROUP INC	-4.10%	1.31%	10
AMERICAN INTL GROUP INC	-2.92%	1.52%	9
EBAY INC	-9.69%	0.40%	61
CITIGROUP INC	-1.65%	2.09%	4
TYCO INTERNATIONAL LTD	-6.51%	0.48%	50
ST JUDE MEDICAL INC	-18.33%	0.13%	188
AMAZON.COM INC	-22.57%	0.10%	255
DOW CHEMICAL CO	-6.49%	0.35%	70
TIME WARNER INC	-3.45%	0.67%	32
FREDDIE MAC	-5.94%	0.37%	65
SCHERING-PLOUGH CORP	-8.65%	0.25%	93
DOMINION RESOURCES INC VA	-9.76%	0.21%	116
CARNIVAL CORP	-10.98%	0.18%	135
TARGET CORP	-5.21%	0.41%	60
PROGRESSIVE CORP	-10.70%	0.18%	136
TXU CORP	-10.00%	0.18%	134
HCA INC	-9.05%	0.17%	148
ST PAUL TRAVELERS COS INC	-5.93%	0.26%	90
VIACOM INC	-5.71%	0.27%	88

Data Source: Compustat

Report Date: April 26, 2006

Asset Allocation

Employees' Retirement System of the County of Milwaukee

Asset Summary
As of March 31, 2006

	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
Total Fund	\$ 1,570.8	100.0	%	100.0	%
Total Equity Fund	929.4	59.2		100.0	
Large Cap Equity	377.2	24.0		40.6	
Boston Partners Asset Mgmt.	160.6	10.2		17.3	
Mellon Capital Management Corp Russell 1000 Growth	99.7	6.3		10.7	
Mellon Capital Management Corp S&P 500	116.9	7.4		12.6	
Mid & Small Cap Equity	241.3	15.4		26.0	
Hotchkis and Wiley Cap	46.0	2.9		4.9	
Artisan Partners Limited Ptnr	46.4	3.0		5.0	
Earnest Partners LLC	42.5	2.7		4.6	
Reinhart & Mahoney Cap Mgmt.	12.1	0.8		1.3	
U.S. Bancorp Asset	0.0	0.0		0.0	
Westfield Capital Mgmt Co LLC	50.8	3.2		5.5	
Ariel Capital Management, LLC	43.5	2.8		4.7	
International Equity	231.4	14.7		24.9	
Capital Guardian Trust Company	85.2	5.4		9.2	
Grantham, Mayo, Van Otterloo	146.3	9.3		15.7	
International Small Cap Equity					
Capital Guardian Trust Company	59.4	3.8		6.4	
Venture Capital	20.1	1.3		2.2	
Adams Street Partners	19.2	1.2		2.1	
Progress Investment Mgmt. Co.	0.9	0.1		0.1	

All dollars in millions, numbers may not add due to rounding

Employees' Retirement System of the County of Milwaukee

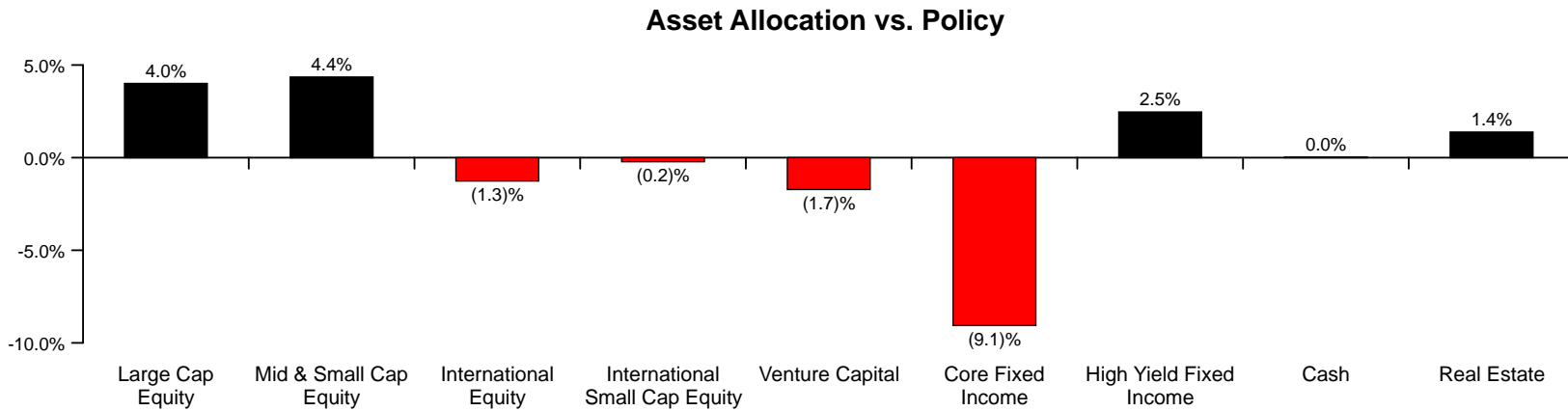
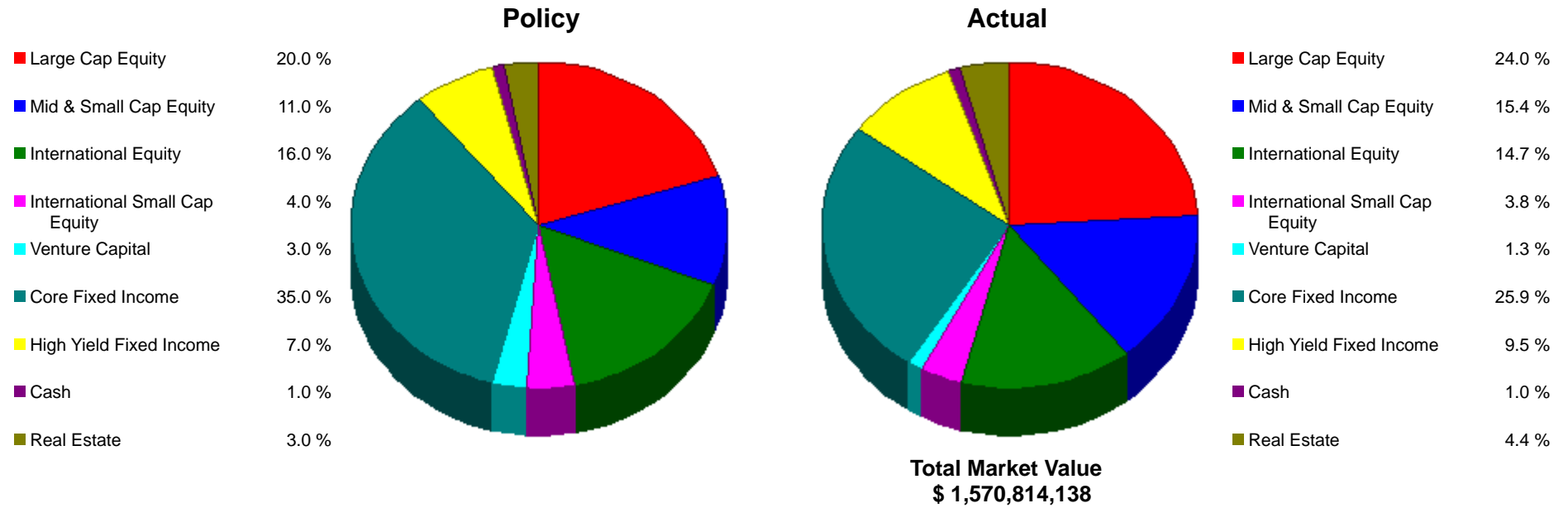
Asset Summary
As of March 31, 2006

	<u>Total Market Value</u>	<u>% of Total Fund</u>		<u>% of Asset Class</u>	
Total Fixed Fund	\$ 556.2	35.4	%	100.0	%
Core Fixed Income	407.5	25.9		73.3	
JPMorgan Asset Management	109.8	7.0		19.7	
Mellon Capital Management Corp	208.2	13.3		37.4	
Loomis, Sayles & Company, L.P.	89.5	5.7		16.1	
High Yield Fixed Income					
Loomis, Sayles & Company, L.P.	148.8	9.5		26.7	
Cash					
Cash Account	16.2	1.0		100.0	
Real Estate					
CRA Real Estate Securities	69.0	4.4		100.0	

All dollars in millions, numbers may not add due to rounding

Employees' Retirement System of the County of Milwaukee

Asset Allocation
As of March 31, 2006

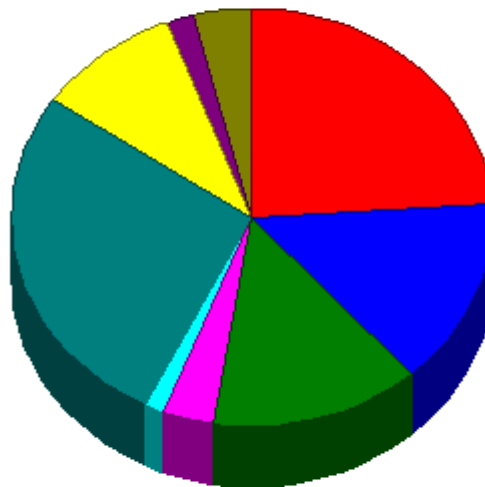


Employees' Retirement System of the County of Milwaukee

Asset Allocation
As of March 31, 2006

Prior Asset Allocation - December 31, 2005

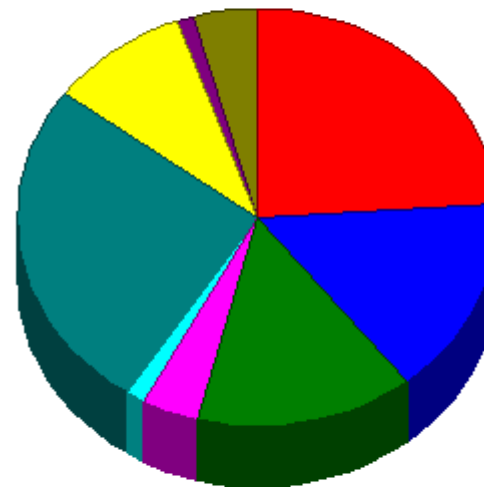
Large Cap Equity	23.9 %
Mid & Small Cap Equity	14.6 %
International Equity	14.0 %
International Small Cap Equity	3.6 %
Venture Capital	1.2 %
Core Fixed Income	27.3 %
High Yield Fixed Income	9.7 %
Cash	1.8 %
Real Estate	4.0 %



Total Market Value
\$ 1,513,298,992

Current Asset Allocation - March 31, 2006

Large Cap Equity	24.0 %
Mid & Small Cap Equity	15.4 %
International Equity	14.7 %
International Small Cap Equity	3.8 %
Venture Capital	1.3 %
Core Fixed Income	25.9 %
High Yield Fixed Income	9.5 %
Cash	1.0 %
Real Estate	4.4 %



Total Market Value
\$ 1,570,814,138

Performance

Employees' Retirement System of the County of Milwaukee

Performance Summary

Period Ending March 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized					
				1 Year	3 Years	5 Years			
Total Fund*	\$ 1,550.7	100.0 %	5.1 % 40	15.6 % 43	18.2 % 43	10.0 % 7			
<i>Rank vs. Total Funds Billion Dollar - Public</i>									
<i>Total Funds Billion Dollar - Public Med</i>			4.9	15.2	18.0	8.1			
<i>Composite Market Index</i>			4.5	13.6	16.7	8.5			
Combined Domestic Equity	618.5	39.9	6.3 54	17.1 56	22.2 57	7.8 57			
<i>Rank vs. Mercer US Equity Combined Universe</i>									
<i> Mercer US Equity Combined Universe Med</i>			6.7	18.4	23.6	8.8			
<i>Composite Equity Index</i>			6.6	15.2	20.3	6.2			
<i>S&P 500 Index-Total Return Index (S&P Calc)</i>			4.2	11.7	17.2	4.0			
<i>Dow Jones Wilshire 5000 (Full Cap)</i>			5.5	14.9	19.7	6.0			
Combined International Equity	290.8	18.8	9.6 64	32.6 16	36.4 14	15.0 18			
<i>Rank vs. Mercer Intl Equity Universe</i>									
<i> Mercer Intl Equity Universe Med</i>			10.0	27.7	32.1	11.5			
<i>MSCI EAFE Index</i>			9.5	24.9	31.7	10.0			
Combined Fixed Income	556.2	35.9	0.5 25	4.0 15	6.6 16	7.4 14			
<i>Rank vs. Mercer US Fixed Combined Universe</i>									
<i> Mercer US Fixed Combined Universe Med</i>			(0.2)	2.7	3.4	5.3			
<i>Composite Fixed Income Index</i>			(0.2)	3.1	4.6	5.9			
<i>Lehman Brothers Aggregate Bond</i>			(0.6)	2.3	2.9	5.1			
Combined Real Estate	69.0	4.4	16.2 19	43.0 32	33.7 67	23.0 78			
<i>Rank vs. Mercer US Real Estate Public REITS Universe</i>									
<i> Mercer US Real Estate Public REITS Universe Med</i>			14.8	41.0	34.5	24.4			
<i>Dow Jones Wilshire REIT (Full Cap)</i>			15.8	42.2	33.2	23.0			

*The Total Fund market value and return calculations exclude Venture Capital and Alternative Investments.
Notes to the Performance Summary can be found in the Appendix.

Employees' Retirement System of the County of Milwaukee

Performance Summary

Period Ending March 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized		
				1 Year	3 Years	5 Years
Large Cap Value Equity Manager						
Boston Partners Asset Mgmt.	\$ 160.6	10.4 %	5.1 % 54	18.1 % 15	22.2 % 47	8.6 % 46
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>						
<i>Mercer US Equity Large Cap Value Universe Med</i>			5.3	13.8	22.0	8.5
<i>Mercer US Equity Combined Universe Med</i>			6.7	18.4	23.6	8.8
<i>Russell 1000 Value Index</i>			5.9	13.3	21.8	7.8
<i>S&P 500 Index-Total Return Index (S&P Calc)</i>			4.2	11.7	17.2	4.0
<i>CPI + 6.5%</i>			3.1	9.9	9.3	9.0
Large Cap Growth Equity Manager						
Mellon Capital Management Corp Russell 1000 Growth	99.7	6.4	3.1	13.2	14.8	--
<i>Russell 1000 Growth Index</i>			3.1	13.1	14.8	1.7
Large Cap Index Equity Manager						
Mellon Capital Management Corp S&P 500	116.9	7.5	4.2	11.8	17.3	4.0
<i>S&P 500 Index-Total Return Index (S&P Calc)</i>			4.2	11.7	17.2	4.0
Mid Cap Value Managers						
Hotchkis and Wiley Cap	46.0	3.0	7.6 40	20.7 27	--	--
<i>Rank vs. Mercer US Equity Mid Cap Value Universe</i>						
<i>Mercer US Equity Mid Cap Value Universe Med</i>			7.0	18.4	27.8	14.7
<i>Russell Midcap Value Index</i>			7.6	20.3	29.2	14.7
<i>CPI +5.7%</i>			2.9	9.1	8.5	8.2
Mid Cap Growth Equity Manager						
Artisan Partners Limited Ptnr	46.4	3.0	7.6 75	22.4 70	23.8 70	9.0 49
<i>Rank vs. Mercer US Equity Mid Cap Growth Universe</i>						
<i>Mercer US Equity Mid Cap Growth Universe Med</i>			9.7	24.9	25.2	8.9
<i>Russell Midcap Growth Index</i>			7.6	22.7	25.7	9.0
<i>CPI +5.7%</i>			2.9	9.1	8.5	8.2

Employees' Retirement System of the County of Milwaukee

Performance Summary

Period Ending March 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized						
				1 Year		3 Years		5 Years		
Mid Cap Equity Managers										
Earnest Partners LLC	\$ 42.5	2.7 %	8.0 % 38	22.2 % 46	--%	--%				
Reinhart & Mahoney Cap Mgmt.	12.1	0.8	10.2 4	22.8 40	--	--				
Rank vs. Mercer US Equity Mid Cap Core Universe										
Mercer US Equity Mid Cap Core Universe Med			7.6	22.0	27.3	13.5				
Russell Midcap Index			7.6	21.5	27.9	12.5				
CPI +5.7%			2.9	9.1	8.5	8.2				
Small Cap Equity Managers										
Westfield Capital Mgmt Co LLC	50.8	3.3	15.0 34	28.8 48	28.0 51	10.5 61				
Rank vs. Mercer US Equity Small Cap Growth Universe										
Mercer US Equity Small Cap Growth Universe Med			13.6	28.3	28.0	11.5				
Russell 2000 Growth Index			14.4	27.8	28.1	8.6				
CPI +5.9%			2.9	9.3	8.7	8.4				
Ariel Capital Management, LLC	43.5	2.8	9.2 78	10.3 97	24.0 97	14.2 93				
Rank vs. Mercer US Equity Small Cap Value Universe										
Mercer US Equity Small Cap Value Universe Med			11.7	23.4	31.4	18.1				
Russell 2500 Value Index			10.5	21.6	30.1	16.2				
Russell 2500 Index			11.1	24.1	29.2	13.5				
CPI +5.9%			2.9	9.3	8.7	8.4				
Internation Equity Manager										
Capital Guardian Trust Company	85.2	5.5	7.8 94	29.4 37	30.3 70	10.1 70				
Rank vs. Mercer Intl Equity Universe										
Mercer Intl Equity Universe Med			10.0	27.7	32.1	11.5				
MSCI EAFE Index			9.5	24.9	31.7	10.0				
CPI +6.7%			3.1	10.1	9.5	9.2				
Grantham, Mayo, Van Otterloo	146.3	9.4	10.4 39	28.4 44	36.7 13	18.9 5				
Rank vs. Mercer Intl Equity Universe										
Mercer Intl Equity Universe Med			10.0	27.7	32.1	11.5				
MSCI EAFE Index			9.5	24.9	31.7	10.0				
CPI +6.7%			3.1	10.1	9.5	9.2				

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending March 31, 2006

	Market Value	% of Total Fund	Quarter	Annualized		
				1 Year	3 Years	5 Years
International Small Cap Equity Manager						
Capital Guardian Trust Company	\$ 59.4	3.8 %	10.2 % 95	49.9 % 16	49.0 % 23	19.7 % 72
<i>Rank vs. Mercer Intl Equity Small Cap Universe</i>						
<i>Mercer Intl Equity Small Cap Universe Med</i>			13.1	37.7	46.4	21.6
<i>MSCI World Ex US Small Cap Price Index</i>			10.3	30.8	41.3	18.5
<i>CPI +6.9%</i>			3.1	10.3	9.6	9.4

Employees' Retirement System of the County of Milwaukee

Performance Summary

Period Ending March 31, 2006

	Market Value	% of Total Fund	Annualized									
			Quarter		1 Year		3 Years		5 Years			
Core Fixed Income Managers												
Mellon Capital Management Corp	\$ 208.2	13.4 %	(0.6) %		2.3 %		2.9 %		5.2 %			
Lehman Brothers Aggregate Bond			(0.6)		2.3		2.9		5.1			
CPI + 1%			1.8		4.4		3.8		3.5			
JPMorgan Asset Management	109.8	7.1	(0.5)	60	--		--		--			
Rank vs. Mercer US Fixed Core Investment Grade Universe			(0.5)		2.6		3.4		5.4			
Mercer US Fixed Core Investment Grade Universe Med			(0.6)		2.3		2.9		5.1			
Lehman Brothers Aggregate Bond			2.2		6.0		5.4		5.1			
CPI +2.60%												
Loomis, Sayles & Company, L.P.	89.5	5.8	(0.3)	20	3.1	7	6.8	3	9.2	0		
Rank vs. Mercer US Fixed Core Investment Grade Universe			(0.5)		2.6		3.4		5.4			
Mercer US Fixed Core Investment Grade Universe Med			(0.6)		2.3		2.9		5.1			
Lehman Brothers Aggregate Bond			(0.6)		2.3		2.9		5.1			
Fixed Income Reference Index			(0.6)		2.3		2.9		5.1			
CPI +2.60%			2.2		6.0		5.4		--			
High Yield Fixed Income Manager												
Loomis, Sayles & Company, L.P.	148.8	9.6	3.7	11	8.4	27	14.6	8	11.2	6		
Rank vs. Mercer US Fixed High Yield Universe												
Mercer US Fixed High Yield Universe Med			2.7		7.7		11.4		8.7			
Merrill Lynch US High Yield Cash Pay Index			2.9		7.3		11.7		8.1			
CPI + 5.0%			2.7		8.4		7.8		7.5			
Real Estate Manager												
CRA Real Estate Securities	69.0	4.4	16.2	19	43.0	32	33.7	67	23.0	78		
Rank vs. Mercer US Real Estate Public REITS Universe												
Mercer US Real Estate Public REITS Universe Med			14.8		41.0		34.5		24.4			
Dow Jones Wilshire REIT (Full Cap)			15.8		42.2		33.2		23.0			
CPI +5.9%			2.9		9.3		8.7		8.4			

Employees' Retirement System of the County of Milwaukee

Performance Summary - Trailing 7 years

As of March 31, 2006

7 Years

Total Fund	8.4
vs. Composite Market Index	6.6
CPI + 4%	6.8
Boston Partners	9.6
vs. Russell 1000 Value	6.5
S&P 500	1.7
CPI + 6.5%	9.3
Mellon Capital Management - S&P 500	1.7
vs. S&P 500	1.7
Ariel	14.7
vs. Russell 2500 Value	15.6
Russell 2500	12.9
CPI + 5.9%	8.7
Capital Guardian	9.0
vs. EAFE	6.0
CPI + 6.7%	9.5
Grantham, Mayo	13.9
vs. EAFE	6.0
CPI + 6.7%	9.5
Capital Guardian	15.2
vs. MSCI World Ex U.S. Small Cap	12.5
CPI + 6.9%	9.7
Mellon Capital Management	5.7
vs. LB Aggregate	5.7
Loomis, Sayles	8.3
vs. Fixed Income Reference Index	5.6
LB Aggregate	5.7
CPI + 2.6%	5.4
Loomis, Sayles	9.9
vs. Merrill Lynch High Yield	6.1
CPI + 5.0%	7.8
ING Clarion Real Estate Securities	20.5
vs. Wilshire REIT Index	20.6
CPI + 5.9%	8.7

Employees' Retirement System of the County of Milwaukee
Performance Summary
Period Ending December 31, 2006

		Annualized					
	Market Value	Quarter	1 Year	3 Years	5 Years	IRR Since Inception	Inception Date
Venture Capital Managers							
Adams Street Partners - Combined	\$1.9	7.1 %	185.9 %	22.6 %	4.0 %	8.8 %	11/15/1985
Adams Street Partners - Old Portfolio	0.8	2.0	487.1	16.8	1.2	5.7	11/15/1985
Adams Street Partners - New Portfolio	1.1	11.0	60.5	31.2	7.6	26.2	1/10/1992
Adams Street Partners - Partnership Fund Program	0.6	—	—	—	—	4.3	2/11/2005
US Fund	--	—	—	—	—	4.7	2/11/2005
Non-US Fund	--	—	—	—	—	2.1	3/24/2005
Brinson Partnership Fund Program	16.7	—	—	—	—	6.3	1/26/1998
<i>16% Annualized Rate of Return</i>		<i>3.8</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	
Progress ⁽¹⁾	1.0	—	—	—	—	-1.4	7/1/1995
<i>16% Annualized Rate of Return</i>		<i>3.8</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	<i>16.0</i>	

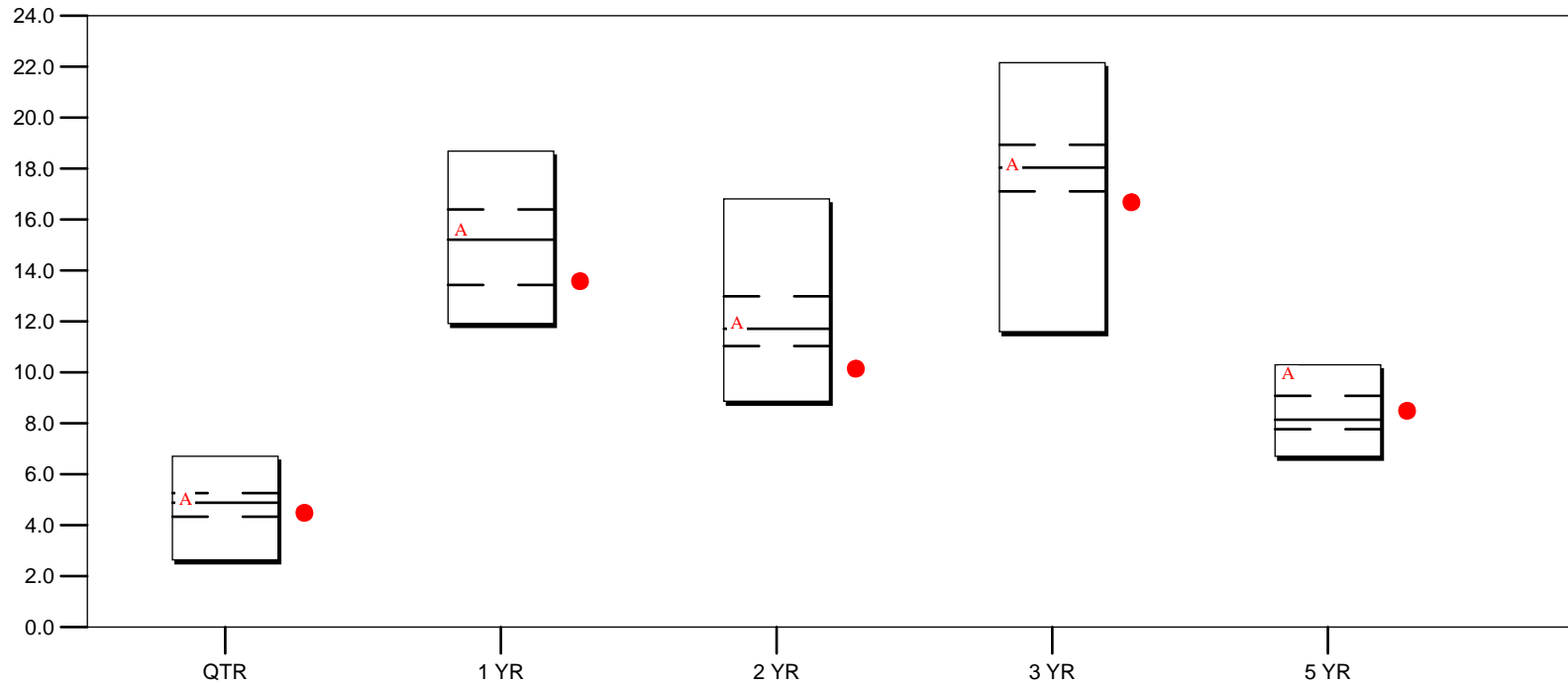
⁽¹⁾ Market values as of December 31, 2005, and internal rates of return as of June 30, 2005.

Notes to the Performance Summary can be found in the Appendix.

Total Funds Billion Dollar - Public

Return Quartiles
Periods Ending March 31, 2006

Annualized Rate of Return %



5th Percentile	6.70	18.68	16.81	22.15	10.30
25th Percentile	5.26	16.40	12.99	18.93	9.08
Median	4.88	15.21	11.71	18.04	8.14
75th Percentile	4.33	13.43	11.03	17.10	7.76
95th Percentile	2.64	11.92	8.87	11.60	6.70
# of Participants	41	39	37	37	34
COMP MKT IDX	4.48	13.58	10.14	16.67	8.49
Total Fund	5.10 , 40	15.64 , 43	11.99 , 37	18.22 , 43	10.03 , 7

Russell/Mellon Trust Universe
Asset Allocation
Quarter Ending March 31, 2006
Market Value in Millions

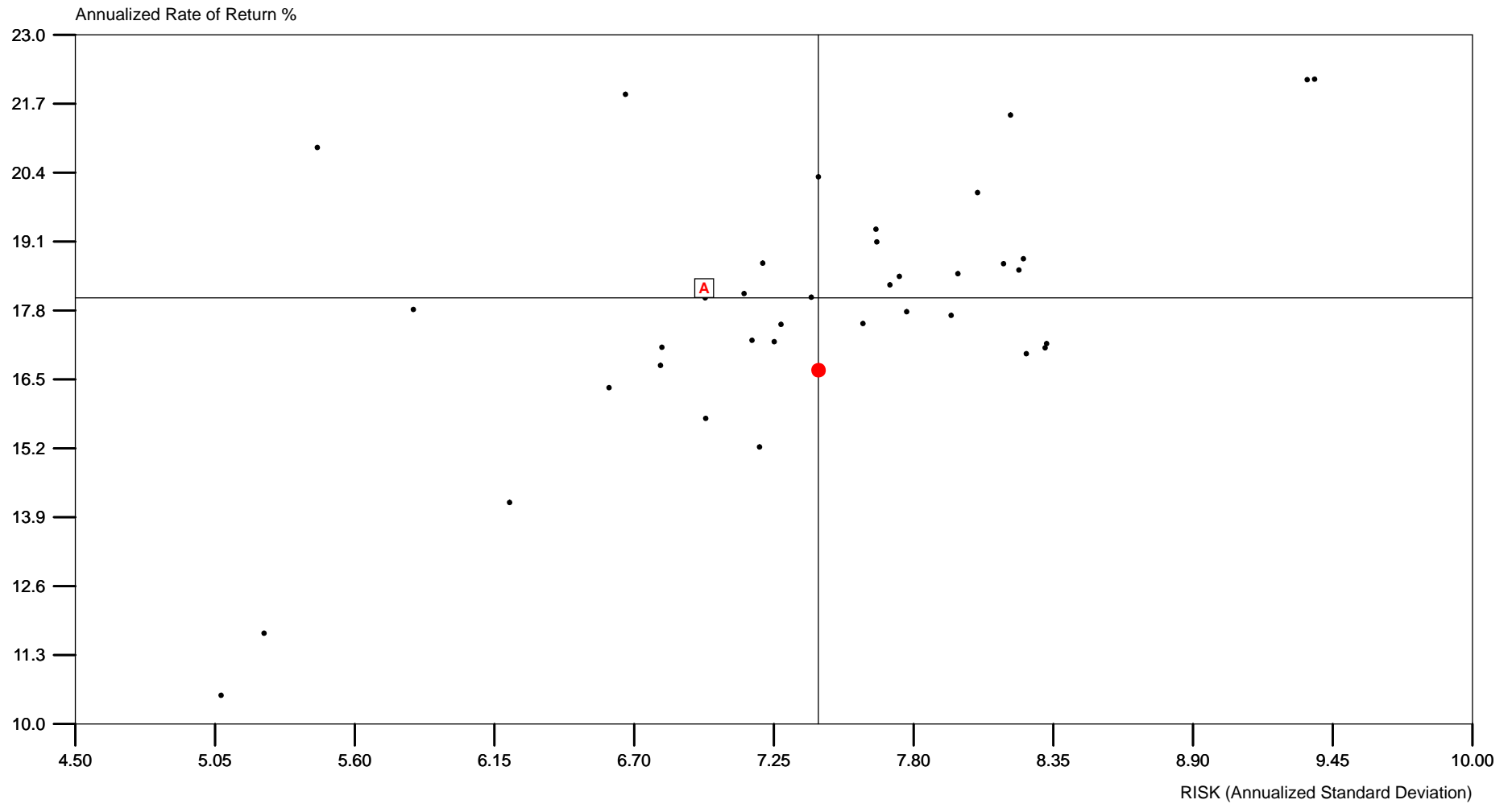
	Total Fund	US Equity	US Fixed Income	Non-US Equity	Non-US Fixed	Alternative Inv.	Real Estate	Cash	Total								
Market Value in US Dollars																	
Total Funds Billion Dollar - Public																	
Total Average	579,572.96 16,559.23	237,671.58 6,790.62	41%	129,238.98 3,692.54	22%	128,052.20 3,766.24	22%	9,502.11 678.72	2%	21,610.73 1,440.72	4%	7,853.71 560.98	1%	4,841.72 691.67	1%	93%	
Maximum		59.38%		44.11%		31.02%		11.61%		14.44%		9.17%		11.17%			
5th		56.59%		35.41%		27.46%		9.64%		12.00%		9.12%		9.63%			
25th		48.19%		26.87%		23.24%		4.99%		7.83%		6.54%		5.41%			
Median		43.15%		22.64%		19.57%		3.02%		4.61%		4.95%		3.98%			
75th		34.60%		20.21%		16.93%		1.14%		3.18%		3.02%		.95%			
95th		29.49%		16.33%		14.74%		.66%		1.94%		0.00%		0.00%			
Minimum		20.16%		12.67%		12.78%		0.00%		1.47%		0.00%		0.00%			

Report is based upon plans that have submitted asset class data greater than 70% of the total market value. 35 out of 41 accounts represented from the universe run.

Total does not equal 100% due to asset class market values not reported.

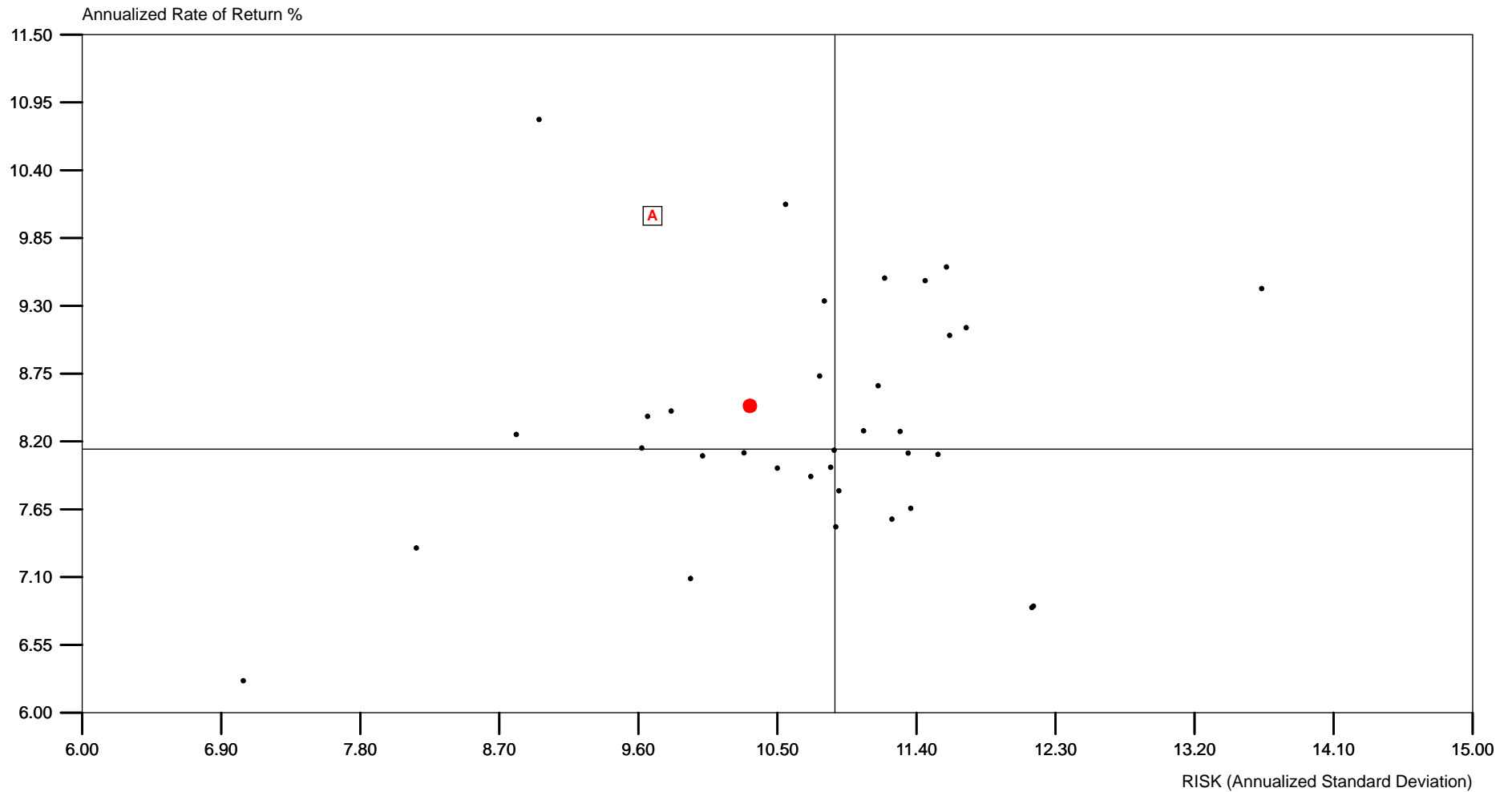
Total Funds Billion Dollar - Public

Risk-Return Comparisons
3 Years Ending March 31, 2006
37 Portfolios



Total Funds Billion Dollar - Public

Risk-Return Comparisons
5 Years Ending March 31, 2006
34 Portfolios



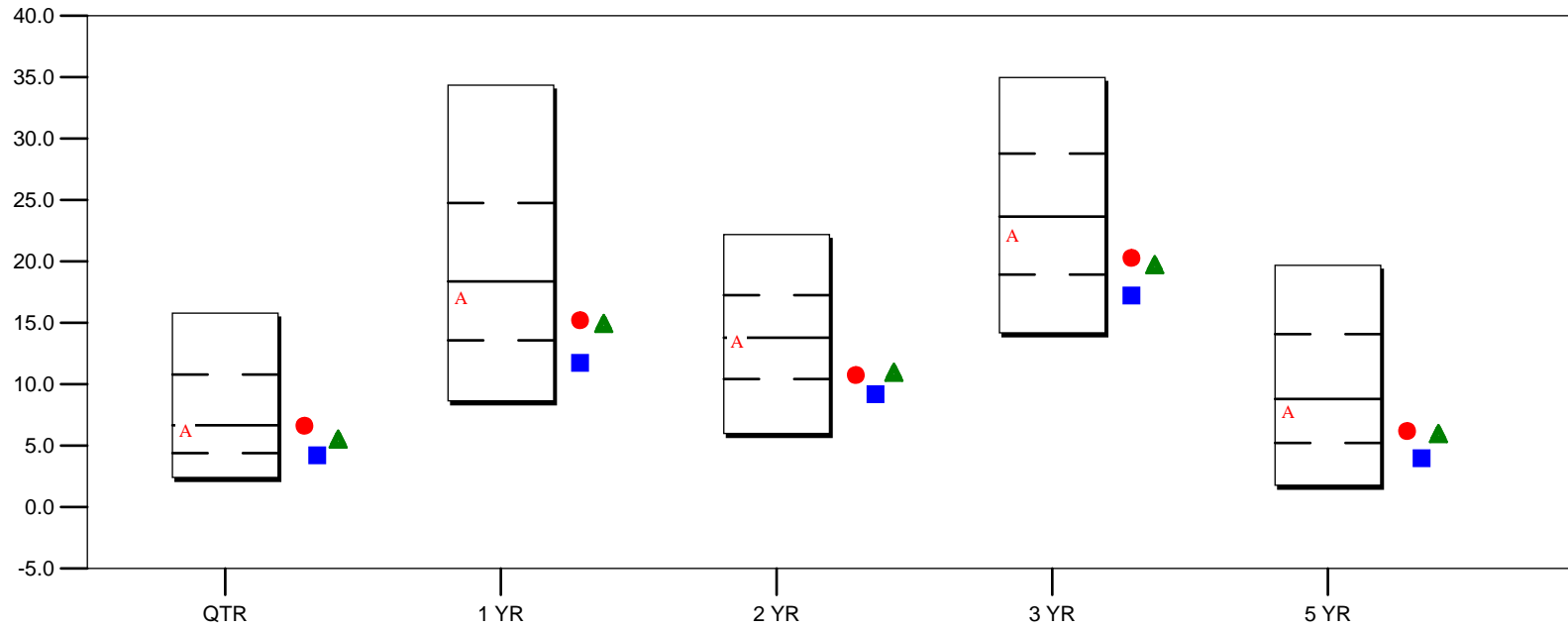
A Total Fund 10.03, 7
COMP MKT IDX

Mercer US Equity Combined Universe

Return Quartiles

Periods Ending March 31, 2006

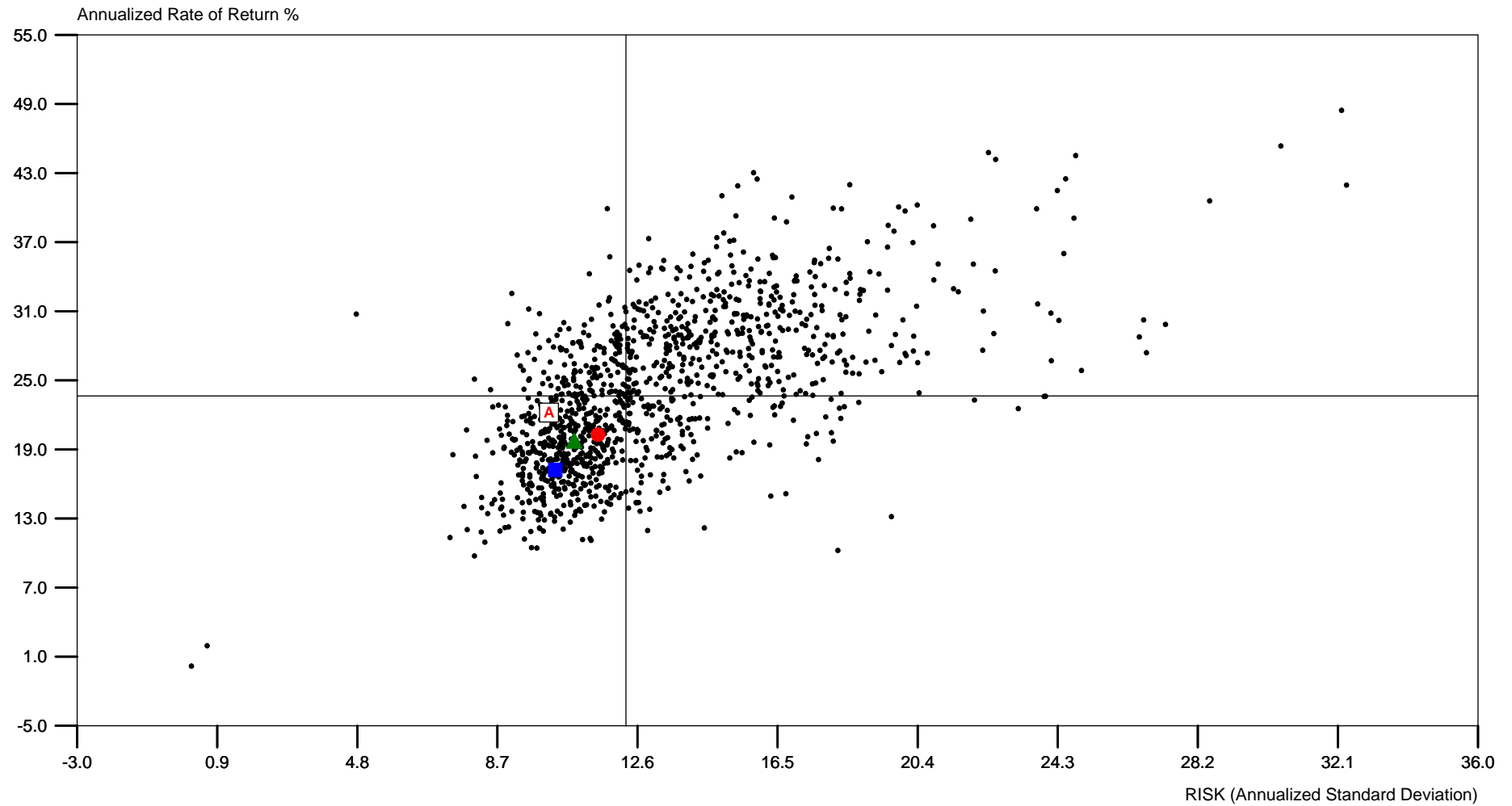
Annualized Rate of Return %



5th Percentile	15.79	34.34	22.18	34.97	19.68
25th Percentile	10.78	24.75	17.25	28.77	14.07
Median	6.66	18.37	13.79	23.64	8.80
75th Percentile	4.39	13.57	10.42	18.93	5.21
95th Percentile	2.41	8.65	5.99	14.18	1.77
# of Participants	1362	1296	1245	1191	1086
● EQUITY INDEX	6.61	15.21	10.74	20.28	6.18
■ S&P 500 -S&P CALC	4.21	11.73	9.18	17.22	3.97
▲ DJWIL 5000	5.53	14.94	10.97	19.73	5.98
A Combined Dom Eq	6.30 , 54	17.13 , 56	13.57 , 52	22.20 , 57	7.80 , 57

Mercer US Equity Combined Universe

Risk-Return Comparisons
3 Years Ending March 31, 2006
1191 Portfolios



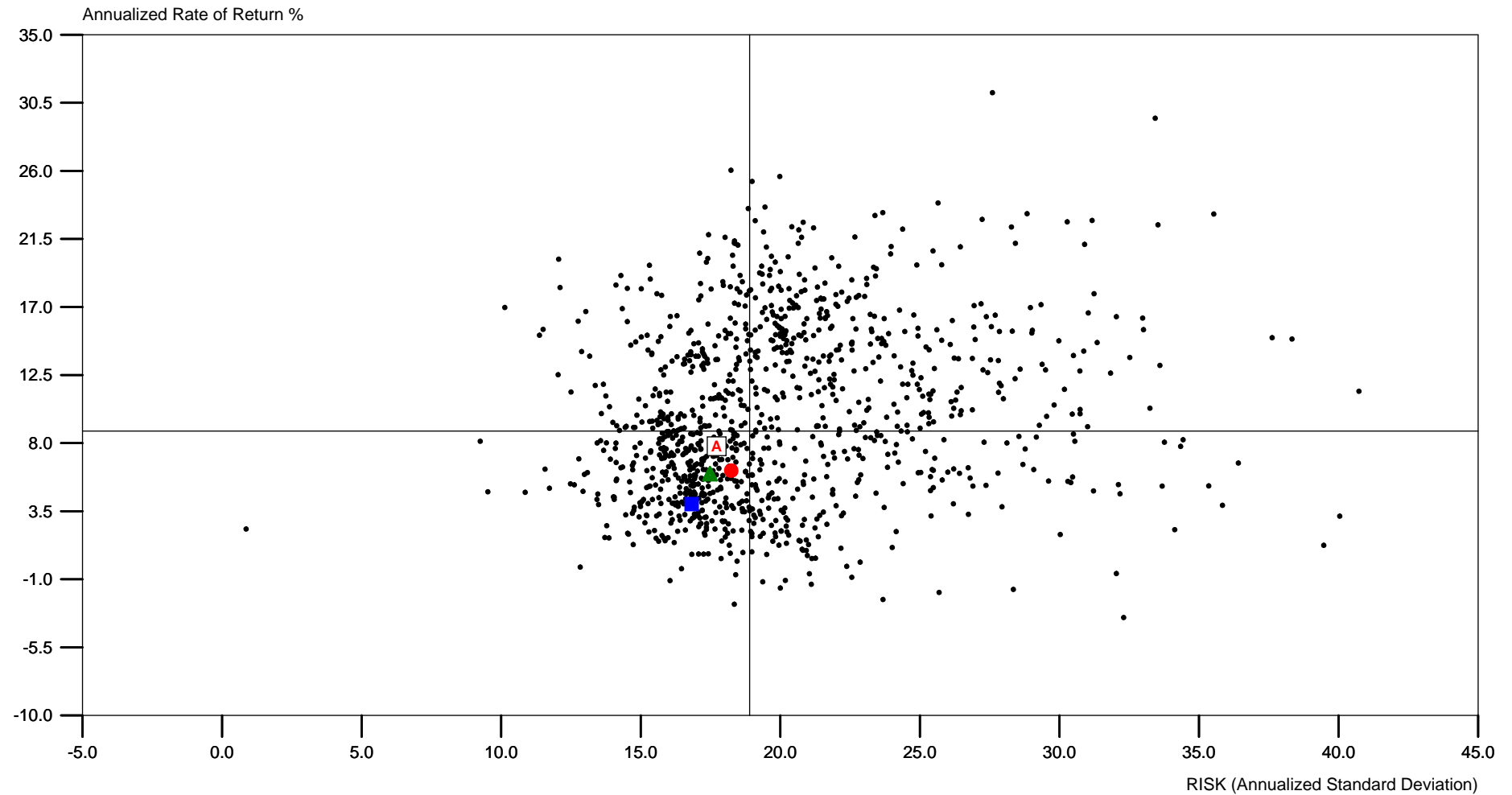
A Combined Dom Eq 22.20, 57
● EQUITY INDEX
■ S&P 500 -S&P CALC

▲ DJWIL 5000

Mercer Investment Consulting

Mercer US Equity Combined Universe

Risk-Return Comparisons
5 Years Ending March 31, 2006
1086 Portfolios



A Combined Dom Eq 7.80, 57
● EQUITY INDEX
■ S&P 500 -S&P CALC

▲ DJWIL 5000

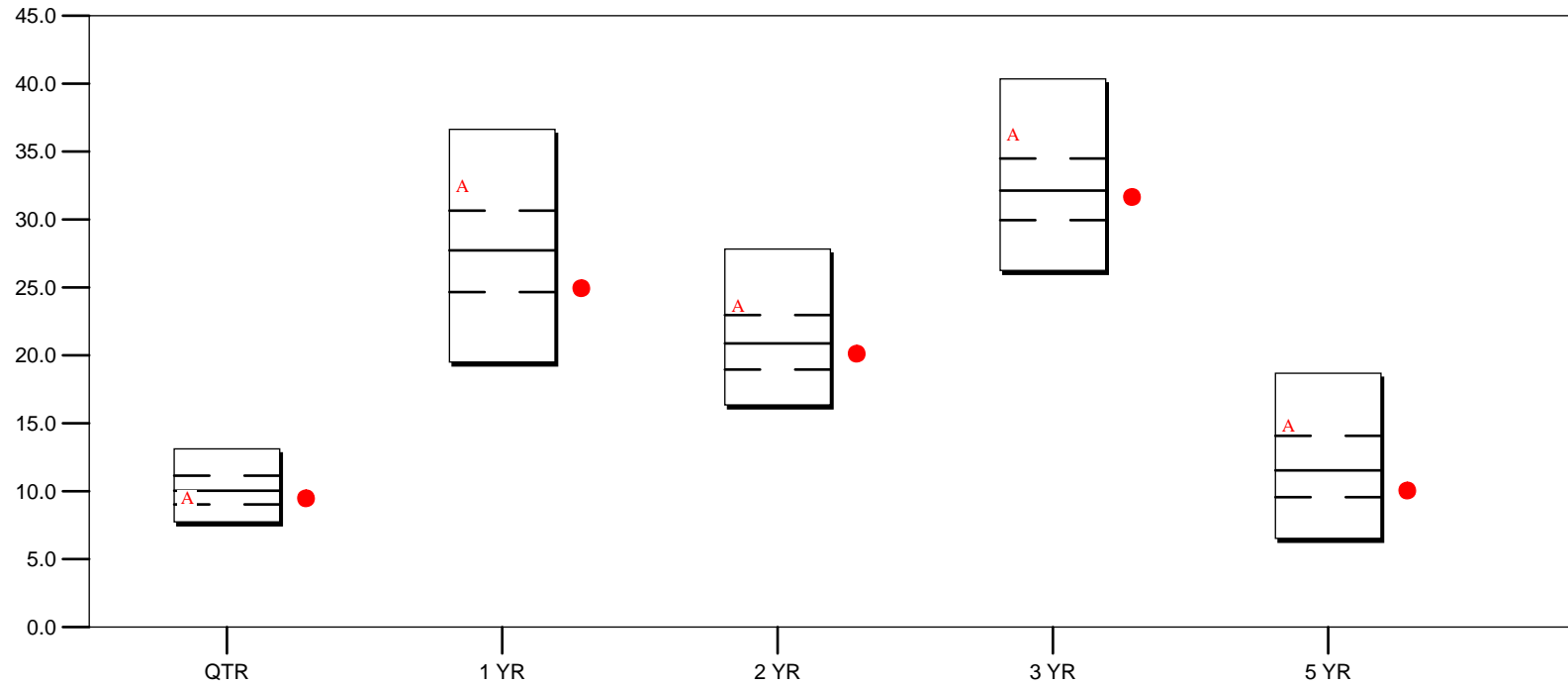
Mercer Investment Consulting

Mercer Intl Equity Universe

Return Quartiles

Periods Ending March 31, 2006

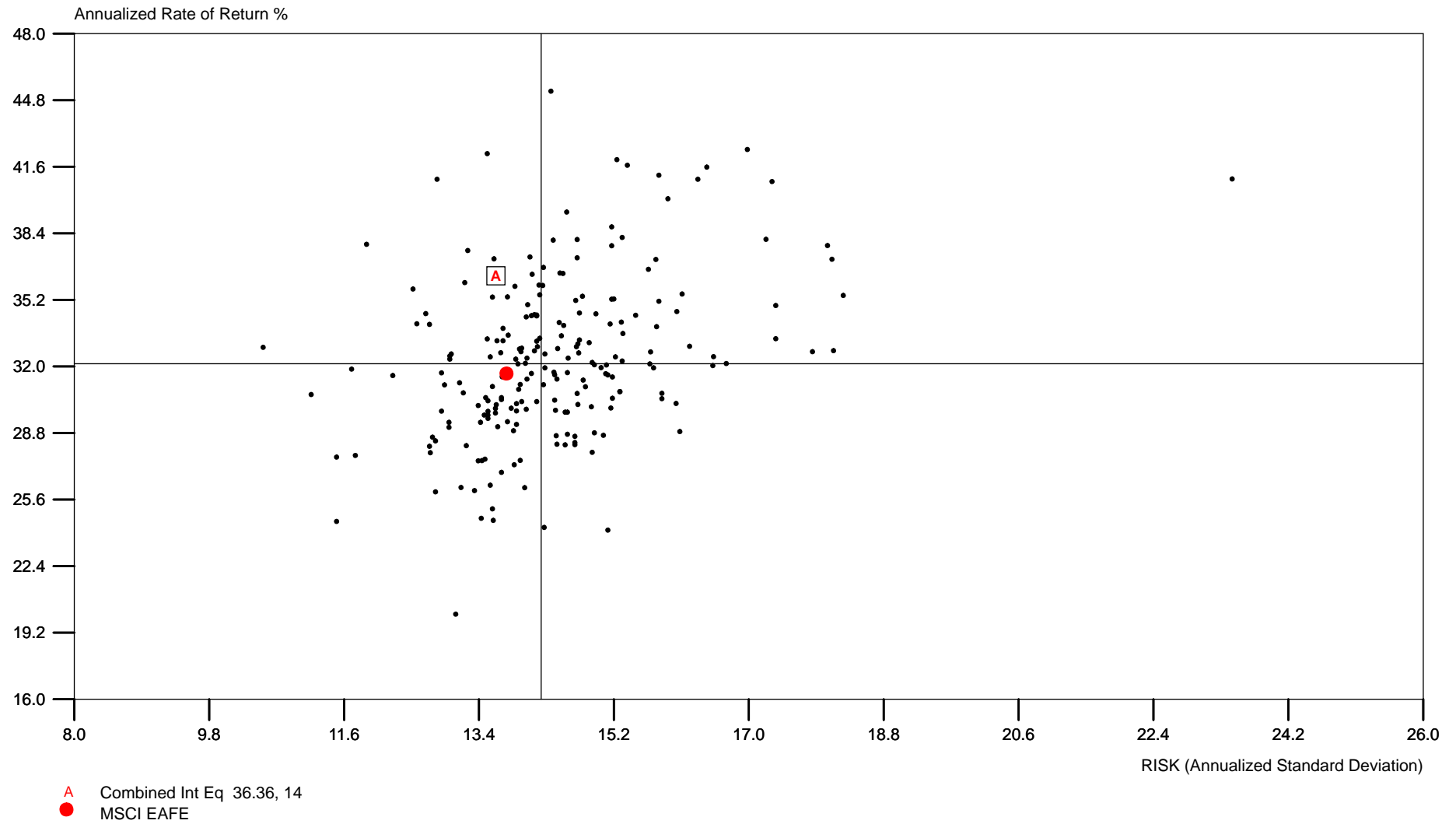
Annualized Rate of Return %



5th Percentile	13.12	36.64	27.82	40.35	18.68
25th Percentile	11.14	30.65	22.97	34.49	14.08
Median	10.04	27.73	20.88	32.13	11.53
75th Percentile	9.03	24.66	18.95	29.95	9.56
95th Percentile	7.74	19.51	16.35	26.25	6.53
# of Participants	237	231	222	214	191
● MSCI EAFE	9.47	24.94	20.12	31.66	10.04
A Combined Int Eq	9.58 , 64	32.57 , 16	23.71 , 22	36.36 , 14	14.95 , 18

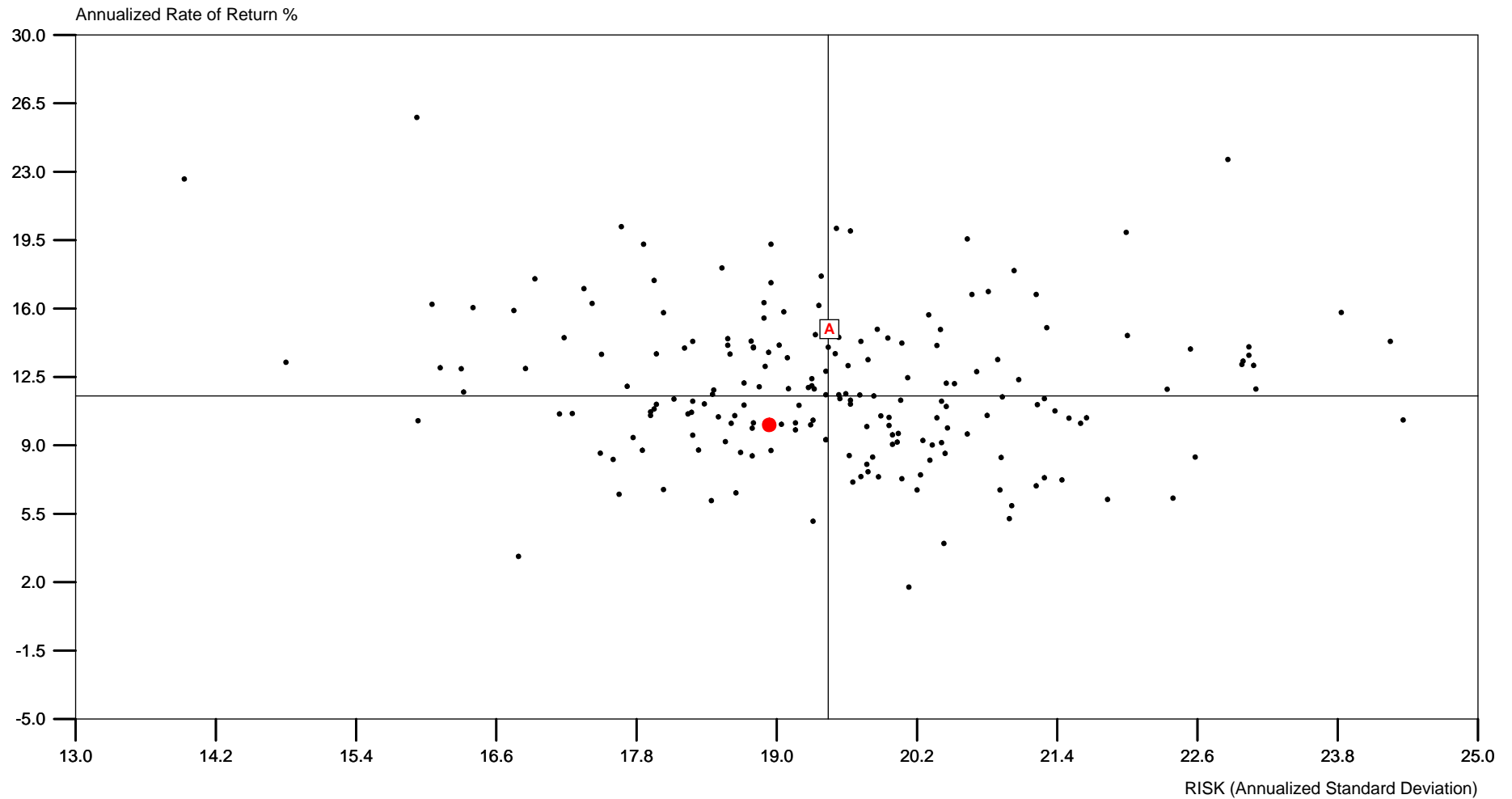
Mercer Intl Equity Universe

Risk-Return Comparisons
3 Years Ending March 31, 2006
214 Portfolios



Mercer Intl Equity Universe

Risk-Return Comparisons
5 Years Ending March 31, 2006
191 Portfolios



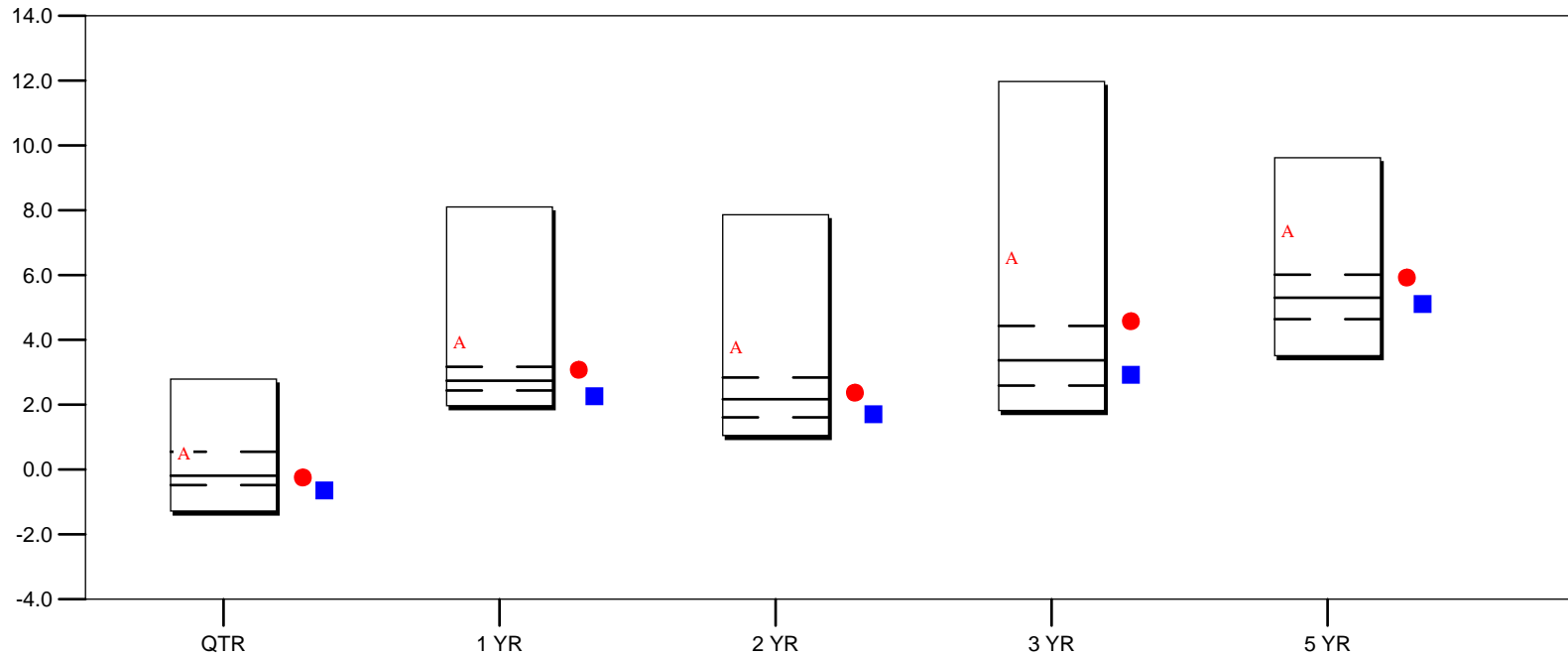
A Combined Int Eq 14.95, 18
● MSCI EAFE

Mercer US Fixed Combined Universe

Return Quartiles

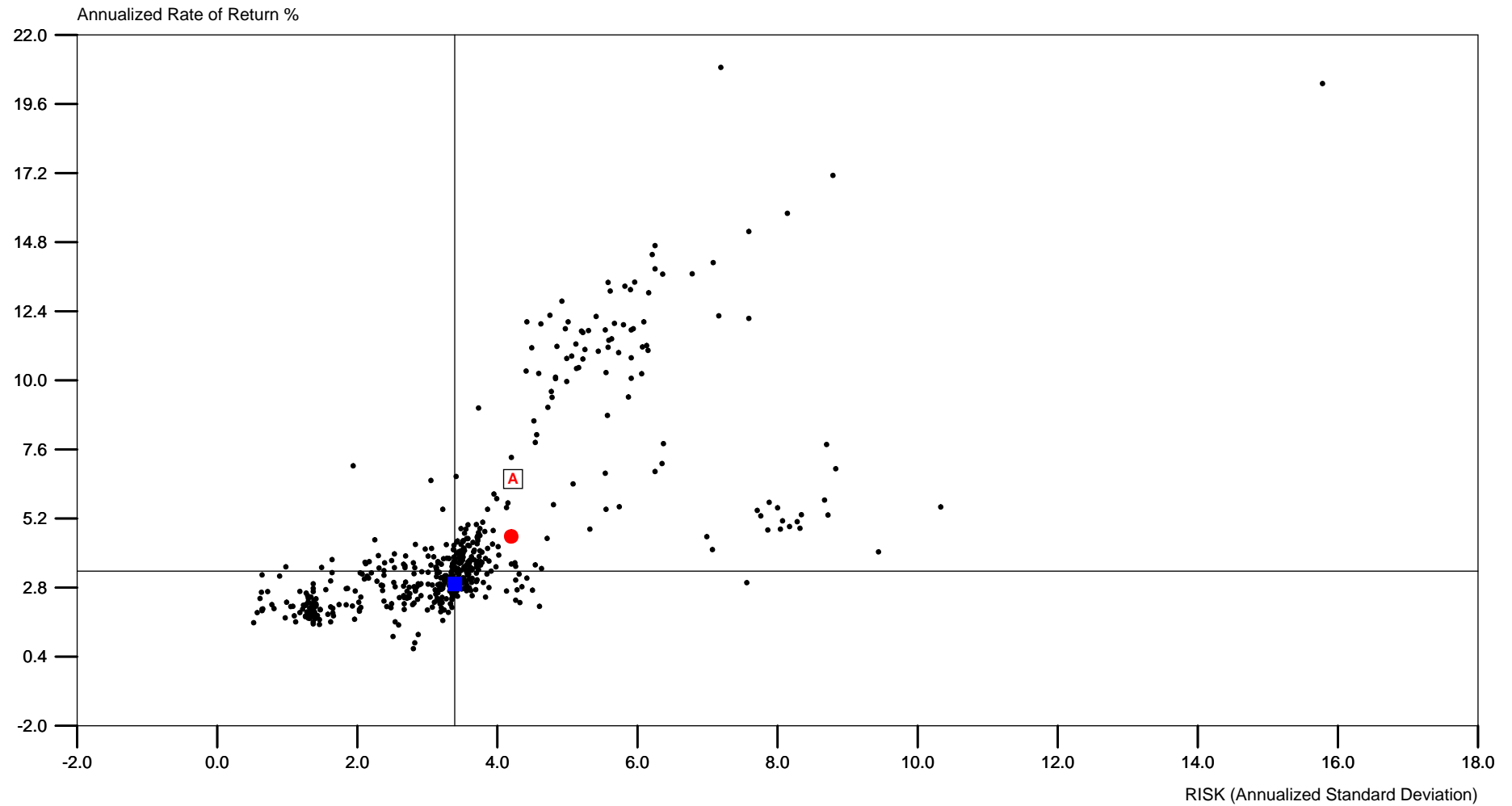
Periods Ending March 31, 2006

Annualized Rate of Return %



Mercer US Fixed Combined Universe

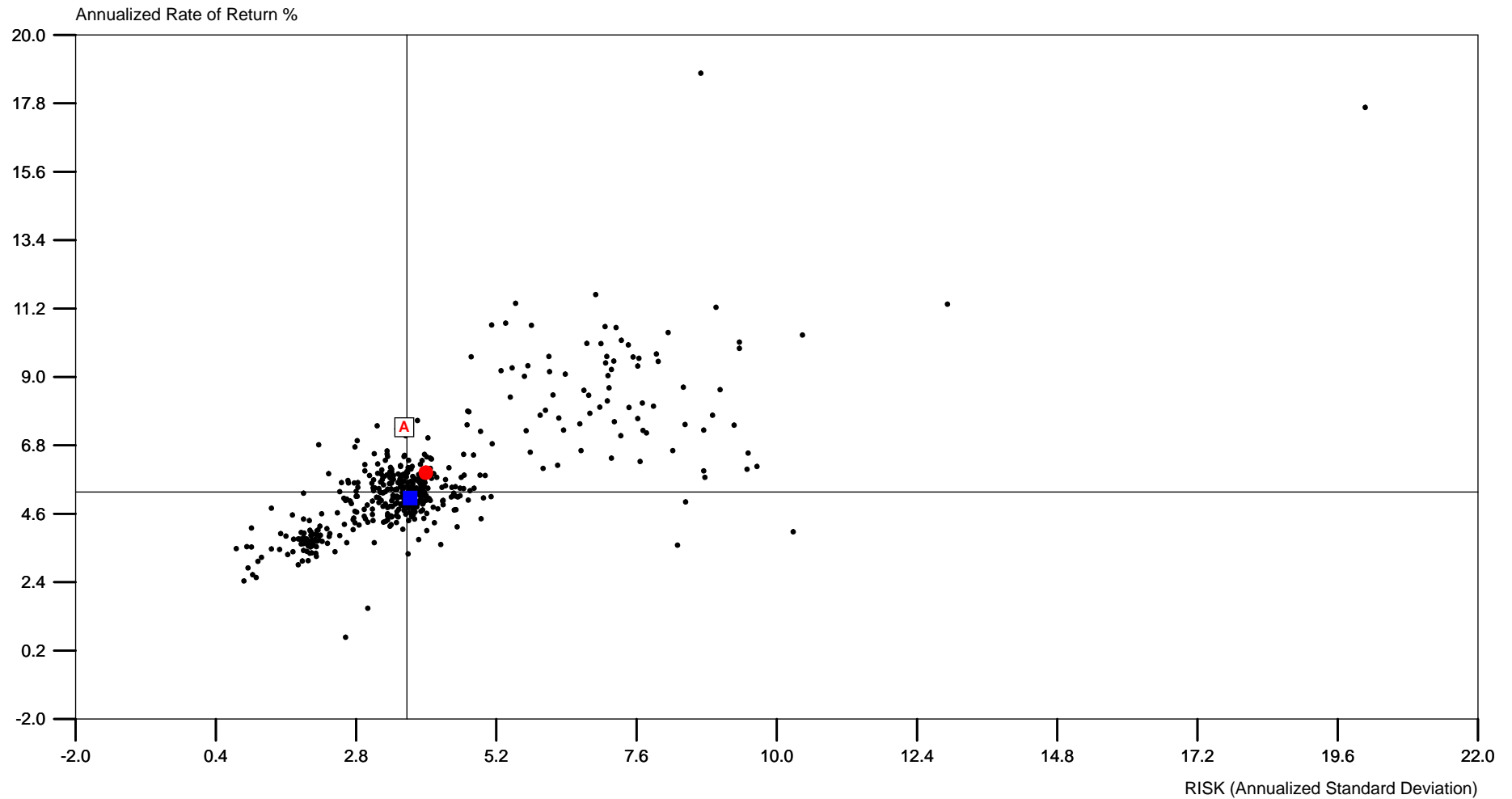
Risk-Return Comparisons
3 Years Ending March 31, 2006
505 Portfolios



Mercer Investment Consulting

Mercer US Fixed Combined Universe

Risk-Return Comparisons
5 Years Ending March 31, 2006
473 Portfolios



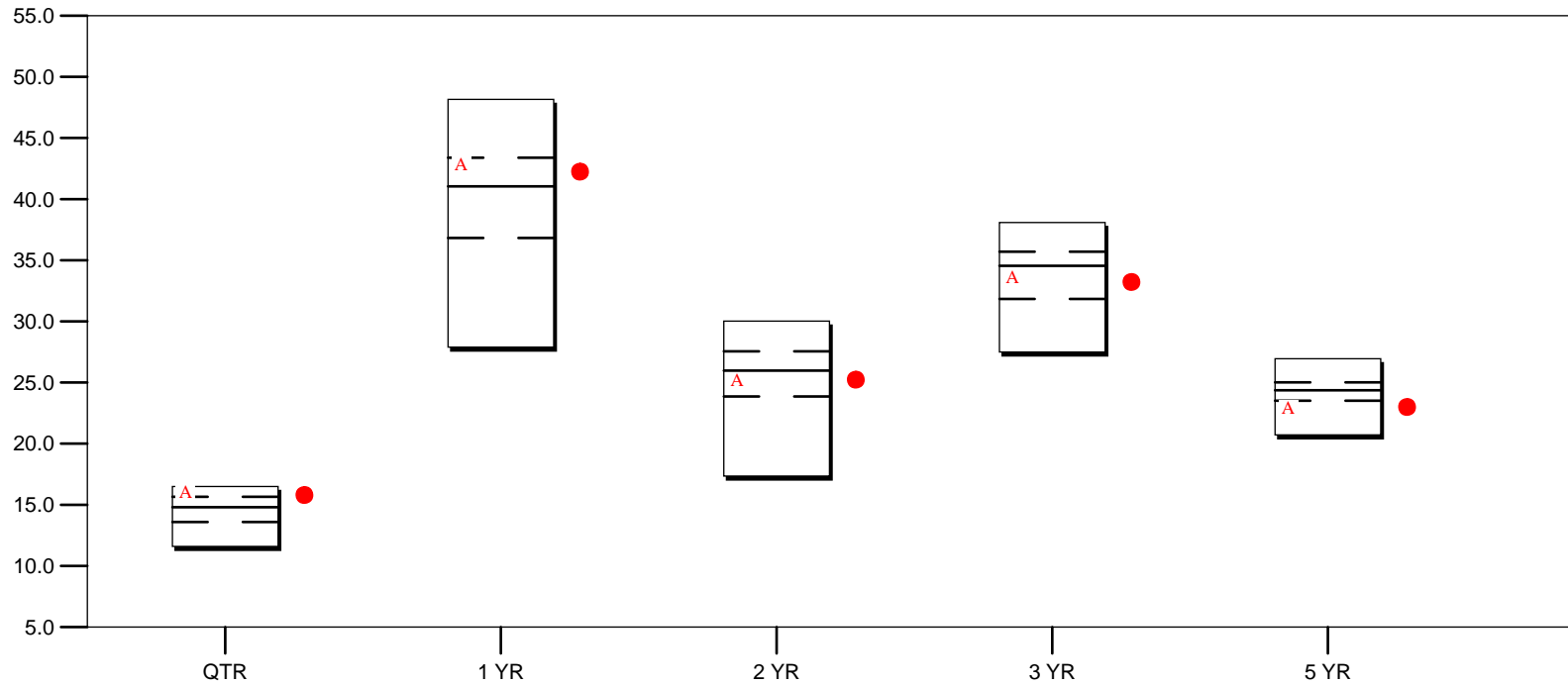
- A Combined Fixed 7.38, 14
- COMPOSITE FIXED
- LB AGGREGATE

Mercer Investment Consulting

Mercer US Real Estate Public REITS Universe

Return Quartiles
Periods Ending March 31, 2006

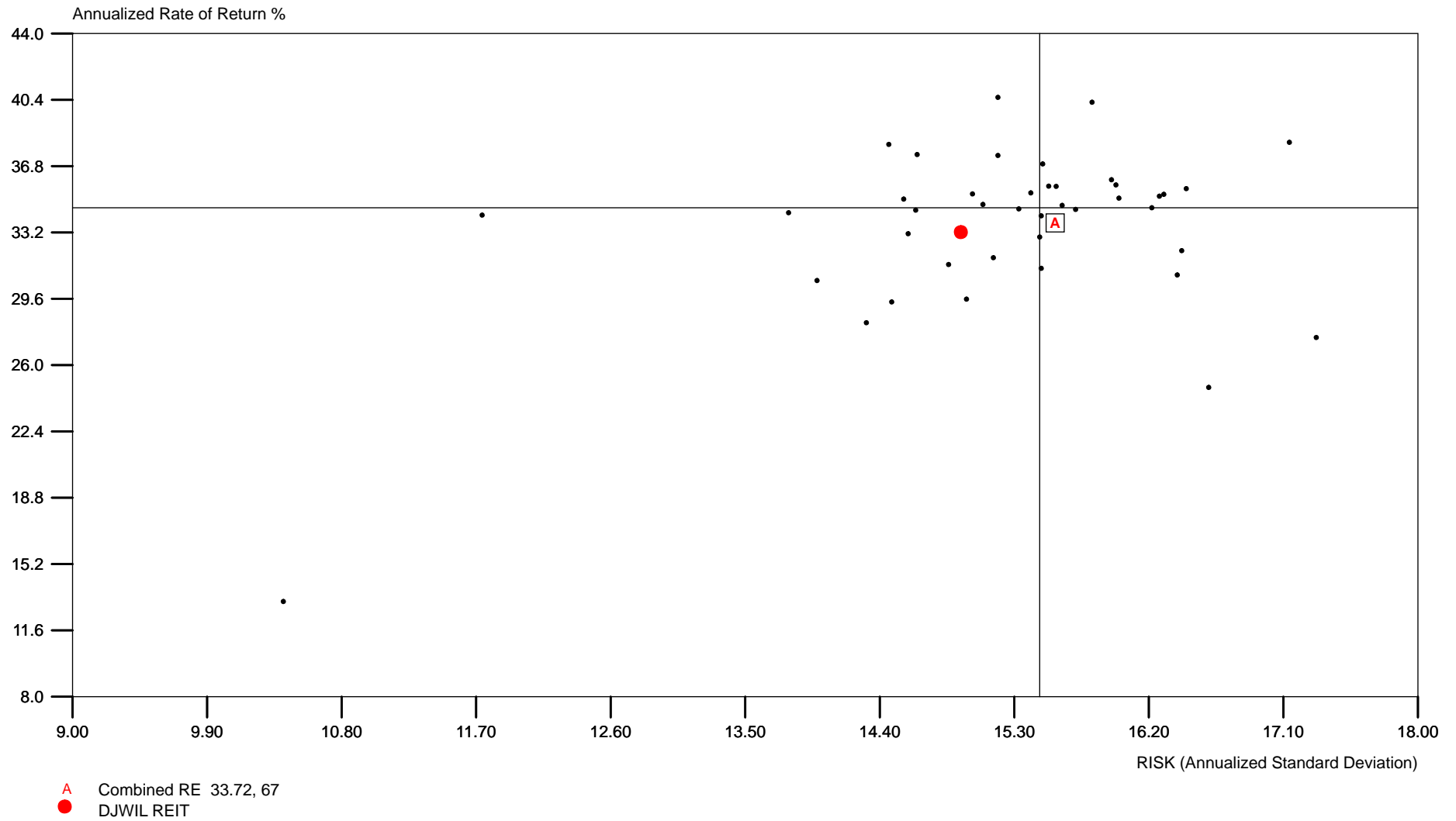
Annualized Rate of Return %



5th Percentile	16.50	48.16	30.02	38.09	26.95
25th Percentile	15.65	43.39	27.55	35.70	25.01
Median	14.80	41.04	25.97	34.54	24.37
75th Percentile	13.59	36.82	23.86	31.83	23.51
95th Percentile	11.60	27.90	17.35	27.50	20.72
# of Participants	43	42	42	41	37
● DJWIL REIT	15.79	42.24	25.23	33.21	23.00
A Combined RE	16.17 , 19	42.96 , 32	25.31 , 58	33.72 , 67	23.04 , 78

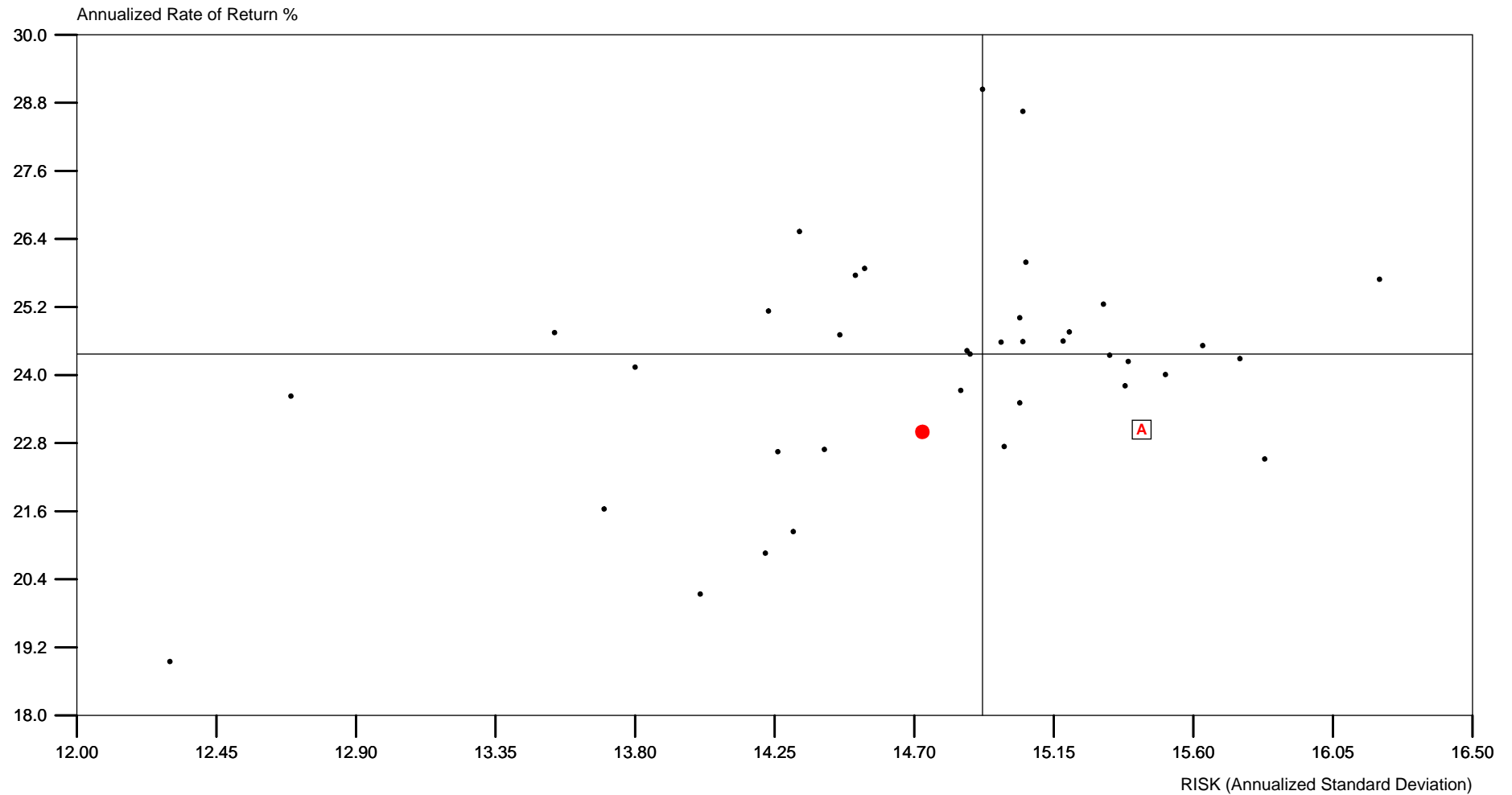
Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons
3 Years Ending March 31, 2006
41 Portfolios



Mercer US Real Estate Public REITS Universe

Risk-Return Comparisons
5 Years Ending March 31, 2006
37 Portfolios



A Combined RE 23.04, 78
● DJWIL REIT

ATTRIBUTION SUMMARY

County of Milwaukee

Total Fund

Period Ending March 31, 2006

	<u>Annualized</u>			
	<u>QTR</u>	<u>6 MO</u>	<u>1 YR</u>	<u>2 YR</u>
Portfolio Return	5.1	7.9	15.6	12.0
Policy Return	4.5	6.7	13.6	10.1
Net Management Effect	0.6	1.2	2.1	1.9
Allocation	0.3	0.2	0.5	0.3
Selection	0.3	1.0	1.5	1.5

Currency USD

Policy Benchmark is 23% S&P 500-S&P Calculated, 16% Wilshire 4500, 10% MSCI EAFE, 3% MSCI EMF, 2% MSCI WLD X US SCP, 32% LB Aggregate, 10% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

3 Months Ending March 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	5.1	100.0	4.5	0.3	0.3	0.6
US Equity	39.3	6.3	34.0	6.3	0.1	0.0	0.1
Non-US Equity	18.1	9.6	20.0	9.6	(0.1)	0.0	(0.1)
Fixed Income	36.7	0.5	42.0	(0.1)	0.2	0.2	0.5
Real Estate	4.1	16.2	3.0	15.8	0.1	0.0	0.1
Cash	1.7	4.5	1.0	1.0	0.0	0.1	0.0

Currency USD

Policy Benchmark is 23% S&P 500-S&P Calculated, 16% Wilshire 4500, 10% MSCI EAFE, 3% MSCI EMF, 2% MSCI WLD X US SCP, 32% LB Aggregate, 10% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

6 Months Ending March 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	7.9	100.0	6.7	0.2	1.0	1.2
US Equity	39.1	8.5	34.8	8.8	0.1	(0.1)	0.0
Non-US Equity	17.9	17.7	19.2	14.0	(0.3)	0.6	0.3
Fixed Income	37.4	1.2	42.0	0.5	0.3	0.3	0.6
Real Estate	4.0	20.6	3.0	18.7	0.1	0.1	0.2
Cash	1.6	18.2	1.0	1.9	0.0	0.2	0.2

Currency USD

Policy Benchmark is 23% S&P 500-S&P Calculated, 16% Wilshire 4500, 10% MSCI EAFE, 3% MSCI EMF, 2% MSCI WLD X US SCP, 32% LB Aggregate, 10% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 1 Year Ending March 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	15.6	100.0	13.6	0.5	1.5	2.1
US Equity	38.9	17.1	36.9	16.9	0.1	0.1	0.2
Non-US Equity	17.7	32.6	17.1	28.1	(0.1)	0.7	0.5
Fixed Income	38.2	4.0	42.0	3.2	0.4	0.3	0.7
Real Estate	3.9	43.0	3.0	42.2	0.2	0.0	0.2
Cash	1.3	40.7	1.0	3.5	0.0	0.4	0.4

Currency USD

Policy Benchmark is 23% S&P 500-S&P Calculated, 16% Wilshire 4500, 10% MSCI EAFE, 3% MSCI EMF, 2% MSCI WLD X US SCP, 32% LB Aggregate, 10% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

ATTRIBUTION DETAIL

County of Milwaukee

Total Fund

Annualized 2 Years Ending March 31, 2006

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	12.0	100.0	10.1	0.3	1.5	1.9
US Equity	38.9	13.6	38.0	12.1	0.0	0.6	0.6
Non-US Equity	17.7	23.7	16.0	22.1	0.0	0.3	0.3
Fixed Income	38.8	3.8	42.0	2.8	0.2	0.4	0.6
Real Estate	3.6	25.3	3.0	25.2	0.1	0.0	0.1
Cash	1.1	29.3	1.0	2.5	0.0	0.3	0.3

Currency USD

Policy Benchmark is 23% S&P 500-S&P Calculated, 16% Wilshire 4500, 10% MSCI EAFE, 3% MSCI EMF, 2% MSCI WLD X US SCP, 32% LB Aggregate, 10% ML High Yield Master, 1% SSB 3M T-Bill, 3% Wilshire REIT

Mercer Investment Consulting

Appendix

Performance calculations have been made based on unaudited data provided by Mellon Trust. Returns for all Venture Capital holdings were provided by Adams Street Partners and Progress Investment. Adams Street Partners and Progress Investment provided market values for their respective accounts.

Returns for GMO are calculated net of fees.

Total Fund Composite Market Index:

- Prior to June 30, 1996: 35% S&P 500, 10% Russell 2000, 40% Lehman Brothers Government/Corporate, 10% Merrill Lynch High Yield, and 5% Mercer Real Estate Peer Group median.
- From July 1, 1996 through December 31, 1997: 27% S&P 500, 13% Russell 2000, 10% EAFE, 27% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From January 1, 1998 through June 30, 1999: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% DFA International Small Stock Series Index, 23% Lehman Brothers Government/Corporate, 9% Lehman Brothers Long Government/Corporate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 1999 through June 30, 2000: 23% S&P 500, 16% Russell 2000, 10% EAFE, 3% MSCI Emerging Markets Free, 2% MSCI Small Cap World (Ex-US), 32% Lehman Brothers Aggregate, 10% Merrill Lynch High Yield, 3% Mercer Real Estate Peer Group median, and 1% SB 90-Day Treasury Bills.
- From July 1, 2000 through Present, the benchmark Index consists of: 23% S&P 500 Index, 16% Wilshire 4500 Index, 10% EAFE Index, 3% MSCI Emerging Markets Free Index, 2% MSCI World Ex US Small Cap Index, 32% Lehman Brothers Aggregate Bond Index, 10% Merrill Lynch High-Yield Master Index, 1% 90-Day Treasury Bills, and 3% Wilshire REIT Index.

Composite Equity Index:

- Includes 75% S&P 500 and 25% Russell 2000.

Composite Fixed Income Index:

- Includes 80% Lehman Brothers Government/Credit and 20% Merrill Lynch High Yield.
- Prior to 1985, the Lehman Brothers BAA Index was used as a proxy for the Merrill Lynch High Yield Index.

Fixed Income Reference Index:

- Utilized for Loomis Investment Grade portfolios.
- Prior to May 31, 1999: 50% Lehman Brothers Government/Corporate and 50% Lehman Brothers Long Government/Corporate.
- From June 1, 1999 through Present: Lehman Brothers Aggregate.

Russell/Mellon Trust Universes are created using custodial data and based on the assignment of the investment managers rather than on the types of assets held within a portfolio. Returns are gross of investment management fees (fees are treated as cash withdrawals) and provided on a monthly basis. Monthly returns will be linked to generate quarterly universes. Historical data is included back to January of 1987 where available.

The Billion Dollar Public Fund Universe consists of public defined benefit plans with at least \$1 billion in assets.

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
Large Cap Eq			
Boston Partners	8/1/95		
< 1 market cycle (1-3 yrs)		Rank in upper 50% of Mercer LCV P.G.	Exceed (after fees) RU1000 Value + 1%
1 market cycle (4-6 yrs)		Rank in upper 45% of Mercer Equity Univ.	Exceed (after fees) S&P 500 + 1%
> 1 market cycle (7+ yrs)		N/A	Exceed (after fees) CPI + 6.5%
Mellon Russell 1000 Growth	5/31/01		
Any calendar year		N/A	> -0.50% vs. RU1000 Growth
Any 2 year calendar period		N/A	> -0.35% vs. RU1000 Growth
Any 3 year calendar period		N/A	> -0.30% vs. RU1000 Growth
Any 5 year calendar period		N/A	> -0.20% vs. RU1000 Growth
Mellon S&P 500	4/13/95		
Any calendar year		N/A	> -0.50% vs. S&P 500
Any 2 year calendar period		N/A	> -0.35% vs. S&P 500
Any 3 year calendar period		N/A	> -0.30% vs. S&P 500
Any 5 year calendar period		N/A	> -0.20% vs. S&P 500

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
Mid & Small Cap Eq			
Artisan < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	6/12/00	Rank in upper 50% of Mercer MCG P.G. Rank in upper 40% of Mercer MCG P.G. N/A	N/A Exceed (after fees) RU Mid Cap Growth + 1% Exceed (after fees) CPI + 5.7%
Hotchkis and Wiley < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MCV P.G. Rank in upper 40% of Mercer MCV P.G. N/A	Exceed (after fees) Russell MidCap Val + 1% Exceed (after fees) Russell MidCap Val + 1% Exceed (after fees) CPI + 5.7%
Earnest Partners < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MC P.G. Rank in upper 40% of Mercer MC P.G. N/A	Exceed (after fees) Russell MidCap + 1% Exceed (after fees) Russell MidCap + 1% Exceed (after fees) CPI + 5.7%
Reinhart & Mahoney < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	3/1/05	Rank in upper 50% of Mercer MC P.G. Rank in upper 40% of Mercer MC P.G. N/A	Exceed (after fees) S&P 400 Exceed (after fees) S&P 400 Exceed (after fees) CPI + 5.7%
Westfield < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	2/6/01	Rank in upper 50% of Mercer SCG P.G. Rank in upper 40% of Mercer SCG P.G. N/A	Exceed (after fees) RU2000 Growth Exceed (after fees) RU2000 Growth Exceed (after fees) CPI + 5.9%
Ariel < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	11/30/95	Rank in upper 50% of Mercer SCV P.G. Rank in upper 40% of Mercer SCV P.G. N/A	Exceed (after fees) RU2500 Value Exceed (after fees) RU2500 + 2% Exceed (after fees) CPI + 5.9%

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
Int'l Eq			
Cap. Guardian and GMO < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	9/1/94; 4/13/95	Rank in upper 50% of Mercer IE Univ. Rank in upper 40% of Mercer IE Univ. N/A	N/A Exceed (after fees) EAFE + 1% Exceed (after fees) CPI + 6.7%
Int'l Small Cap Eq			
Cap. Guardian < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	10/31/97	Rank in upper 50% of Mercer IESC P.G. Rank in upper 40% of Mercer IESC P.G. N/A	N/A Exceed (after fees) MSCI Wld ex-US SC + 1% Exceed (after fees) CPI + 6.9%
Core Fixed			
JP Morgan < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	10/1/96; 10/31/95	Rank in upper 50% of Mercer CIG F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) LB Aggregate + 0.5% Exceed (after fees) CPI + 2.6%
Loomis	6/30/91; 9/1/94	Rank in upper 50% of Mercer CIG F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) LB Aggregate + 0.5% Exceed (after fees) CPI + 2.6%
Mellon Any calendar year Any 2 year calendar period Any 3 year calendar period Any 5 year calendar period	1/31/96	N/A N/A N/A N/A	> -1.00% vs. LB Aggregate > -0.75% vs. LB Aggregate > -0.60% vs. LB Aggregate > -0.45% vs. LB Aggregate
High Yield Fixed			
Loomis, Sayles < 1 market cycle (1-3 yrs) 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	11/30/82	Rank in upper 50% of Mercer HY F.I. P.G. Rank in upper 40% of Mercer F.I. Univ. N/A	N/A Exceed (after fees) ML High Yield +1.5% Exceed (after fees) CPI + 5.0%
Real Estate			
ING Clarion 1 market cycle (4-6 yrs) > 1 market cycle (7+ yrs)	1/13/97	Rank in upper 40% of Mercer REITS Univ. N/A	Exceed (after fees) Wilshire REIT + 1.0% Exceed (after fees) CPI + 5.9%

Policy Benchmarks

MANAGER	INCEPTION	UNIVERSE BENCHMARK	INDEX / INFLATION BENCHMARKS
<i>Private Eq</i>			
ASP and Progress <i>1 market cycle (12-15 yrs)</i>	10/1/92; 7/1/95	N/A	16% annualized rate of return
<i>Cash Eq</i>			
Mellon <i>Each 3 yr period</i>		N/A	Exceed (after fees) Donoghue MM + 0.5%; Exceed (after fees) CPI + 1%

Fee Schedule

MANAGER	FEE SCHEDULE
<i>Large Cap Eq</i>	
Boston Partners	40 basis points on the first 15 million. 30 basis points on the next 25 million. 20 basis points on the next 25 million. 15 basis points on the next 35 million. 10 basis points thereafter.
Mellon Russell 1000 Growth	5 basis points on the first 50 million. 4 basis points on the next 50 million. 2 basis points thereafter.
Mellon S&P 500	5 basis points on the first 50 million. 4 basis points on the next 50 million. 2 basis points thereafter.

MANAGER	FEE SCHEDULE
<i>Mid & Small Cap Eq</i>	
Artisan	80 basis points on the first 50 million. 60 basis points on the next 50 million. 50 basis points thereafter.
Earnest Partners	100 basis points on the first 10 million. 75 basis points on the next 15 million. 60 basis points on the next 25 million. 50 basis points thereafter.
Hotchkis and Wiley	90 basis points on the first 15 million. 70 basis points on the next 35 million. 50 basis points thereafter.
Reinhart & Mahoney	60 basis points on the first 25 million. 50 basis points on the next 25 million. 40 basis points on the balance.
Westfield	100 basis points on the first 25 million. 75 basis points thereafter.
Ariel	40 basis points on the entire balance.

Fee Schedule

MANAGER	FEE SCHEDULE
<i>Int'l Eq</i>	
Cap. Guardian	70 basis points on the first 25 million. 55 basis points between 25-50 million. 42.5 basis points between 50-250 million. 37.5 basis points thereafter.
GMO	69 basis points on the entire balance.
<i>Int'l Small Cap Eq</i>	
Cap. Guardian	70 basis points on the first 25 million. 55 basis points between 25-50 million. 42.5 basis points between 50-250 million. 37.5 basis points thereafter.

MANAGER	FEE SCHEDULE
<i>Core Fixed</i>	
JP Morgan	20 basis points on the first 100 million. 15 basis points on the balance
Loomis	20 basis points on the first 10 million. 10 basis points thereafter.
Mellon	5 basis points on the first 50 million. 4 basis points on the nrxt 50 million. 2 basis points thereafter.
<i>High Yield Fixed</i>	
Loomis, Sayles	20 basis points on the first 10 million. 10 basis points thereafter.
<i>Real Estate</i>	
CRA	60 basis points on the first 10 million. 35 basis points thereafter. Performance fee equals the greater of zero, or 15% of the cumulative excess return through such date, minus the sum of all performance fees previously paid or outstanding.

**Performance Reconciliation
For the Quarter Ended March 31, 2006
(Percent Return)**

MANAGER	Mercer Calculated Return	Manager Calculated Return
<i>Large Cap Eq</i>		
Boston Partners	5.1	5.1
Mellon Russell 1000 Growth	3.1	3.1
Mellon S&P 500	4.2	4.2
<i>Mid & Small Cap Eq</i>		
Hotchkis and Wiley	7.6	7.7
Artisan	7.6	7.7
Earnest Partners	8.0	7.9
Reinhart & Mahoney	10.2	10.1
Westfield	15.0	15.0
Ariel	9.2	9.2
<i>Int'l Eq</i>		
Cap. Guardian*	7.8	7.8
Grantham, Mayo (Net)	10.4	10.4
<i>Int'l Small Cap Eq</i>		
Cap. Guardian	10.2	10.2
<i>Core Fixed</i>		
JPMorgan	-0.5	-0.5
Mellon	-0.6	-0.6
Loomis, Sayles	-0.3	-0.3
<i>High Yield Fixed</i>		
Loomis, Sayles	3.7	3.6
<i>Real Estate</i>		
ING Clarion (Net)	16.2	16.2

*Off due to market value differences. The return difference will wash out when the values come in-line.

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